

\$538,000
Town of Harrisville
Water Revenue Bonds, Series 2014 A
(United States Department of Agriculture)

\$290,000
Town of Harrisville
Water Revenue Bonds, Series 2014 B
(West Virginia Infrastructure Fund)

Closing Date: July 25, 2014



TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

Closing Date: July 25, 2014

TRANSCRIPT OF PROCEEDINGS

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**TOWN OF HARRISVILLE
 CHEVAUX DE FRISE WATER EXTENSION PROJECT
 HA40-10W**

**PRECONSTRUCTION CONFERENCE
 SIGN IN SHEET**

Date: July 23, 2014

Time: 11:00 a.m.

COMPANY	PRINT NAME	PHONE #	FAX #	Company E-mail Address
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Town	Ronda White	304-643-2719	304-643-4059	rwhite@zoominternet.net
Jackson Kelly PLC	Samuel Lee	304-372-6231	304-372-6231	selee@jacksonkelly.com

State of West Virginia
WATER DEVELOPMENT AUTHORITY
 1009 Bullitt Street, Charleston, WV 25301
 (304)414-6500 - (304)414-0865 (Fax)
 Internet: www.wvda.org - Email: contact@wvda.org

Date 7/24/14 Time 1:00 LGA Town of Harrisville Program WDC

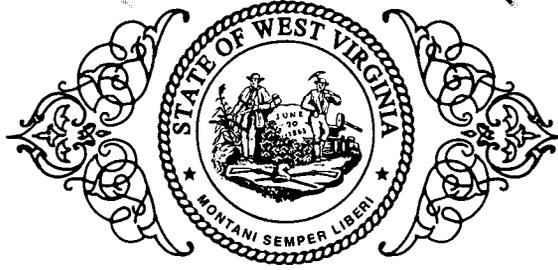
NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
<u>Heula Miller</u>	<u>WDA</u>	<u>304-414-1600</u>	<u>304-414-0865</u>	<u>smiller@wvda.org</u>
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The Authority requests that they following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (if that individual is in attendance, he/she should also sign above.) Please Print:

Name Ronda White Telephone 304-643-2719 E-Mail johnw@zoominternet.net
 Address 1501 E. Main St., P.O. Box 243, Harrisville, WV 26362-0243

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the Non-Arbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code 1986 as amended.

State of West Virginia



Certificate

*I, Natalie E. Tennant, Secretary of State of the
State of West Virginia, hereby certify that*

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 19 OF THE WEST
VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.



*Given under my hand and the
Great Seal of the State of
West Virginia on
July 21, 2014*

Natalie E. Tennant
Secretary of State

MUNICIPAL CORPORATIONS

Article	Section
31.	INTERGOVERNMENTAL RELATIONS—FRANCHISE OBLIGATIONS. 8-31-1
32.	INTERGOVERNMENTAL RELATIONS—CONTRIBUTIONS TO OR INVOLVEMENT WITH NONSTOCK, NONPROFIT CORPORATIONS OR HEALTH INSTITUTIONS FOR PUBLIC PURPOSES. 8-32-1
33.	INTERGOVERNMENTAL RELATIONS—BUILDING COMMISSIONS. 8-33-1
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35.	DISSOLUTION OF MUNICIPALITIES. 8-35-1
36.	CONSTITUTIONALITY AND SEVERABILITY. 8-36-1
37.	MUNICIPAL FINANCIAL STABILIZATION FUND ACT. 8-37-1
38.	MUNICIPAL ECONOMIC OPPORTUNITY DEVELOPMENT DISTRICTS. 8-38-1

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ARTICLE 19

MUNICIPAL AND COUNTY WATERWORKS AND ELECTRIC POWER SYSTEMS

Part I—Municipal Waterworks and Electric Power Systems Authorized; Definition.

Section

- 8-19-1. Acquisition and operation of municipal and county waterworks and electric power systems; construction of improvements to municipal and county electric power systems; extension beyond corporate limits; definitions.

Part II—Limitations on Sale or Lease of Certain Municipal Waterworks.

- 8-19-2. Contracts for purchase of electric power or energy by a municipality; definitions; requirements; payments; rates and charges.

Part III—Right of Eminent Domain.

- 8-19-3. Right of eminent domain; limitations.

Part IV—Revenue Bond Financing.

- 8-19-4. Estimate of cost; ordinance or order for issuance of revenue bonds; interest on bonds; rates for services; exemption from taxation.

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- 8-19-5. Publication of abstract of ordinance or order and notice; hearing.
- 8-19-6. Amount, negotiability and execution of bonds.
- 8-19-7. Bonds payable solely from revenues; not to constitute municipal or county indebtedness.
- 8-19-8. Lien of bondholders; deeds of trust; security agreements; priority of liens.
- 8-19-9. Covenants with bondholders.
- 8-19-10. Operating contract.
- 8-19-11. Rates or charges for water and electric power must be sufficient to pay bonds, etc.; disposition of surplus.
- 8-19-12. Service charges; sinking fund; amount of bonds; additional bonds; surplus.
- 8-19-12a. Deposit required for new customers; lien for delinquent service rates and charges; failure to cure delinquency; payment from deposit; reconnecting deposit; return of deposit; liens; civil actions; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.
- 8-19-13. Discontinuance of water or electric power service for nonpayment of rates or charges.
- 8-19-14. Bonds for additions, betterments and improvements.
- 8-19-15. System of accounts; audit.
- 8-19-16. Protection and enforcement of rights of bondholders, etc.; receivership.

Part V—Grants, Loans, Advances and Agreements; Cumulative Authority.

- 8-19-17. Grants, loans, advances and agreements.
- 8-19-18. Additional and alternative method for constructing or improving and for financing waterworks or electric power system; cumulative authority.

Part VI—Operation by Board; Construction.

- 8-19-19. Alternative procedure for acquisition, construction or improvement of waterworks or electric power system.
- 8-19-20. Article to be liberally construed.
- 8-19-21. Specifications for water mains and water service pipes.
- 8-19-22. Identification requirement for fire hydrants that are inoperable or unavailable for use in emergency situations.

**PART I—MUNICIPAL WATERWORKS AND ELECTRIC
POWER SYSTEMS AUTHORIZED; DEFINITION**

§ 8-19-1. Acquisition and operation of municipal and county waterworks and electric power systems; construction of improvements to municipal and county electric power systems; extension beyond corporate limits; definitions

(a) Subject to and in accordance with the provisions of this article, any municipality or county commission may acquire, construct, establish, extend, equip, repair, maintain and operate, or lease to others for operation, a waterworks system or an electric power system or construct, maintain and operate additions, betterments and improvements to an existing waterworks system or an existing electric power system, notwithstanding any provision or limitation to the contrary in any other law or charter: Provided, That such municipality or county commission shall not serve or supply water facilities or electric

power facilities or services within the corporate limits of any other municipality or county commission without the consent of the governing body of such other municipality or county commission.

(b) Any municipality or county commission which intends to file an application with the federal energy regulatory commission for a license to acquire, construct, establish, extend, maintain and operate, or lease to others for operation, an electric power system, shall give written notice by certified mail, return receipt requested, and shall give public notice by Class I legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code and the publication area shall be the municipality or county in which the system is to be located to the governing body of the municipality or the county commission in which such system is or shall be located or, if such system is or shall be located outside of a municipality or county, to the county commission of the county in which such system is or shall be located, at least sixty days prior to the filing of such application: Provided, That the provisions of this subsection shall not apply to any municipality or county commission which, on the date of the passage of this act, has obtained a license from the federal energy regulatory commission to acquire, construct, establish, extend, maintain and operate, or lease to others for operation, an electric power system. If the municipality or county commission receiving such notice does not respond to the notice within sixty days of receipt of such notice, then such other municipality or the county commission shall be deemed to have consented to the application for the proposed electric power system. If such other municipality or the county commission notifies the municipality or county commission that it objects to the proposed electric power system, such other municipality or the county commission shall hold a public hearing on the proposed system within sixty days of receipt of such notice from the municipality or county commission.

(c) As used in this article:

(1) "Waterworks system" means a waterworks system in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system.

(2) "Electric power system" means a system or facility which produces electric power in its entirety or provides for the distribution of electric power for local consumption and use or for distribution and resale or any combination thereof, or any integral part thereof, including, but not limited to, power lines and wires, power poles, guy wires, insulators, transformers, generators, cables, power line towers, voltage regulators, meters, power substations, machinery and all other facilities necessary, appropriate, useful or convenient or incidental in connection with or to an electric power supply system.

Acts 1933, Ex. Sess., c. 26, § 1; Acts 1937, c. 52; Acts 1939, c. 97; Acts 1949, c. 90; Acts 1955, c. 133; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1983, c. 151; Acts 1986, c. 118; Acts 1986, 1st Ex. Sess., c. 18; Acts 1990, c. 141.

Cross References

County commissions, waterworks, see § 7-1-3a.
Creation by charter provision of certain independent city boards, home rule powers for cities, see § 8-12-3.
General powers of every municipality and its governing body, see § 8-12-5.
Public Energy Authority Act, see § 5D-1-1 et seq.

Administrative Code References

Water rationing, emergency, see W. Va. Code St. R. § 150-20-2.

Library References

Electricity ⇨1.5. Westlaw Topic Nos. 145, 405.
Water Law ⇨1869. C.J.S. Electricity §§ 13 to 21.

United States Code Annotated

Transfer to municipal corporations, federal works supplying water, see 43 U.S.C.A. § 499b.

PART II—LIMITATIONS ON SALE OR LEASE OF CERTAIN MUNICIPAL WATERWORKS

§ 8-19-2. Contracts for purchase of electric power or energy by a municipality; definitions; requirements; payments; rates and charges

(a) For the purposes of this section:

(1) "Contract" means an agreement entered into by a municipality with any other party for the purchase of electric output, capacity or energy from a project as defined herein.

(2) "Any other party" means any other legal entity, including, but not limited to, another municipality, political subdivision, public authority, agency or instrumentality of any state or the United States, a partnership, a limited partnership, a limited liability company, a corporation, an electric cooperative or an investor-owned utility existing under the laws of any state; and

(3) "Project" or "projects" means systems or facilities owned by another party and used for the generation, transmission, transformation or supply of electric power, or any interest in them, whether an undivided interest as a tenant in common or otherwise, or any right to the output, capacity or services thereof.

(b) In addition to the general authority to purchase electricity on a wholesale basis for resale to its customers, any municipality that owns and operates an electric power system under the provisions of this article may enter into a contract with any other party for the purchase of electricity from one or more projects located in the United States that provide that the contracting municipality is obligated to make payments required by the contract whether or not a project is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of a project or the power and energy contracted for and that the payments shall not be subject to any reduction, whether by offset or otherwise, and shall not be

conditioned upon performance or nonperformance by any other party. The contract may provide that, in the event of a default by the municipality or any other party to the contract in the performance of each entities' obligations under the contract, any nondefaulting municipality or any other party to the contract shall on a pro rata basis succeed to the rights and interests of, and assume the obligations of, the defaulting party.

(c) Notwithstanding any other provisions of law, ordinance or charter provision to the contrary, a contract under subsection (b) of this section may extend for more than fifty years or fifty years from the date a project is estimated to be placed into normal continuous operation and the execution and effectiveness of the contract is not subject to any authorizations or approvals by the state or any agency, commission, instrumentality or political subdivision thereof except as otherwise specifically required by law.

(d) A contract under subsection (b) of this section may provide that payments by the municipality are made solely from and may be secured by a pledge of and lien upon revenues derived by the municipality from ownership and operation and that payments shall constitute an operating expense of the electric power system. No obligation under the contract shall constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the municipality or upon any of its income, receipts or revenues, except the revenues of the municipality's electric power system. Neither the faith and credit nor the taxing power of the municipality shall be pledged for the payment of any obligation under the contract.

(e) A municipality contracting under the provisions of subsection (b) of this section is obligated to fix, charge and collect rents, rates, fees and charges for electric power and energy and other services it sells, furnishes or supplies through its electric power system in an amount sufficient to provide revenues adequate to meet its obligations under the contract and to pay any and all other amounts payable from or constituting a charge and lien upon the revenues, including the amounts necessary to pay the principal and interest on any municipal bonds issued related to its electric power system: *Provided*, That any change in the rates and charges of the municipality to the customers of the electric power system under the provisions of this section are subject to the provisions and requirements of section four-b, article two, chapter twenty-four of this code and the obligations of the municipality under the contract are costs of providing electric service within the meaning of that section.

Acts 2007, c. 186, eff. June 6, 2007.

PART III—RIGHT OF EMINENT DOMAIN

§ 8-19-3. Right of eminent domain; limitations

For the purpose of acquiring, constructing, establishing or extending any waterworks system or electric power system, or for the purpose of constructing any additions, betterments or improvements to any waterworks or electric

WATERWORKS & POWER SYSTEMS

§ 8-19-3

Note 1

power system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any waterworks or electric power system, under the provisions of this article, the municipality or county commission shall have the right of eminent domain as provided in chapter fifty-four of this code: Provided, That such right of eminent domain for the acquisition of a privately owned waterworks system, or electric power system, or any part thereof, shall not be exercised without prior approval of the public service commission, and in no event shall any municipality or county commission construct, establish or extend beyond the corporate limits of said municipality or county line a municipal or county waterworks or electric power system under the provisions of this article to supply service in competition with an existing privately or municipally or county owned waterworks or electric power system in such municipality or county or within the proposed extension of such system, unless a certificate of public convenience and necessity therefor shall have been issued by the public service commission: Provided, however, That a municipality or county commission may not exercise such right of eminent domain over a privately owned electric power system or any part thereof for the purpose of acquiring, constructing, establishing or extending an electric power system.

Subject to the provisions of this article and notwithstanding the provisions of section nineteen, article twelve of this chapter to the contrary, a municipality or county commission may acquire, construct, establish, extend, equip, repair, maintain and operate, or lease to others for operation, electric generators or electric generating systems or electric transmission systems more than one mile beyond the corporate limits of such municipality or county line and said electric generation systems shall not be under the jurisdiction of the public service commission.

Acts 1933, Ex. Sess., c. 26, § 9; Acts 1937, c. 52; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1983, c. 151; Acts 1990, c. 141.

Library References

Eminent Domain ⇨28, 35.

Westlaw Topic No. 148.

C.J.S. Eminent Domain §§ 35, 45.

Notes of Decisions

In general 1

1. In general

The section of the municipal home rule statute enabling municipalities to acquire and establish water, gas and electric systems does not authorize the use of the power of eminent do-

main for the acquisition of privately owned public utilities, but merely authorizes the establishment of utility systems through the process of construction and by the purchase of franchises and properties of going utility concerns. Code 1937, 8A-4-26. *City of Mullens v. Union Power Co.*, 1940, 7 S.E.2d 870, 122 W.Va. 179. Eminent Domain ⇨ 47(1)

PART IV—REVENUE BOND FINANCING

§ 8-19-4. Estimate of cost; ordinance or order for issuance of revenue bonds; interest on bonds; rates for services; exemption from taxation

Whenever a municipality or county commission shall, under the provisions of this article, determine to acquire, by purchase or otherwise, construct, establish, extend or equip a waterworks system or an electric power system, or to construct any additions, betterments or improvements to any waterworks or electric power system, it shall cause an estimate to be made of the cost thereof, and may, by ordinance or order, provide for the issuance of revenue bonds under the provisions of this article, which ordinance or order shall set forth a brief description of the contemplated undertaking, the estimated cost thereof, the amount, rate or rates of interest, the time and place of payment, and other details in connection with the issuance of the bonds. Such bonds shall be in such form and shall be negotiated and sold in such manner and upon such terms as the governing body of such municipality or county commission may by ordinance or order specify. All such bonds and the interest thereon shall be exempt from all taxation by this state, or any county, municipality or county commission, political subdivision or agency thereof. Notwithstanding any other provision of this code to the contrary, the real and personal property which a municipality or county has acquired and constructed according to the provisions of this article, and any leasehold interest therein held by other persons, shall be deemed public property and shall be exempt from taxation by the state, or any county, municipality or other levying body, so long as the same is owned by such municipality or county: Provided, That with respect to electric power systems, this exemption for real and personal property shall be applicable only for such real and personal property (1) physically situate within the municipal or county boundaries of the municipality or county which acquired or constructed such electric power system and there was in place prior to the effective date of the amendments to this section made in the year one thousand nine hundred ninety-two an agreement between the municipality and the county commission for payments in lieu of tax, or (2) acquired or constructed with the written agreement of the county school board, county commission and any municipal authority within whose jurisdiction the electric power system is or is to be physically situate. Notwithstanding anything contained in this statute to the contrary, this exemption shall be applicable to any leasehold or similar interest held by persons other than a municipality or county only if acquired or constructed with the written agreement of the county school board, county commission and any municipal authority within whose jurisdiction the electric power system is or is to be physically situate: Provided, however, That payments made to any county commission, county school board or municipality in lieu of tax pursuant to such an agreement shall be distributed as if the payments resulted from ad valorem property taxation. Such bonds shall bear interest at a rate per annum set by the municipality or county commission, payable at such times, and shall be payable as to principal at such times, not exceeding fifty years from their date, and at such place or places,

within or without the state, as shall be prescribed in the ordinance or order providing for their issuance. Unless the governing body of the municipality or county commission shall otherwise determine, such ordinance or order shall also declare that a statutory mortgage lien shall exist upon the property so to be acquired, constructed, established, extended or equipped, fix minimum rates or charges for water or electricity to be collected prior to the payment of all of said bonds and shall pledge the revenues derived from the waterworks or electric power system for the purpose of paying such bonds and interest thereon, which pledge shall definitely fix and determine the amount of revenues which shall be necessary to be set apart and applied to the payment of the principal of and interest upon the bonds and the proportion of the balance of such revenues, which are to be set aside as a proper and adequate depreciation account, and the remainder shall be set aside for the reasonable and proper maintenance and operation thereof. The rates or charges to be charged for the services from such waterworks or electric power system shall be sufficient at all times to provide for the payment of interest upon all bonds and to create a sinking fund to pay the principal thereof as and when the same become due, and reasonable reserves therefor, and to provide for the repair, maintenance and operation of the waterworks or electric power system, and to provide an adequate depreciation fund, and to make any other payments which shall be required or provided for in the ordinance or order authorizing the issuance of said bonds.

Acts 1933, Ex. Sess., c. 26, § 3; Acts 1933, 2nd Ex. Sess., c. 49; Acts 1955, c. 133; Acts 1969, c. 86; Acts 1970, c. 7; Acts 1978, c. 72; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1984, c. 128; Acts 1986, 1st Ex. Sess., c. 18; Acts 1990, c. 141; Acts 1992, c. 147.

Library References

Municipal Corporations §950(15).
Taxation §2313, 2316.
Westlaw Topic Nos. 268, 371.

C.J.S. Municipal Corporations §§ 1708 to 1709.
C.J.S. Taxation §§ 292, 304.

§ 8-19-5. Publication of abstract of ordinance or order and notice; hearing

After the ordinance or order for any project under this article has been adopted, an abstract of the ordinance or order, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance or order, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be the municipality or county. The notice to be published with said abstract of the ordinance or order shall state that said ordinance or order has been adopted, that the municipality or county commission contemplates the issuance of the bonds described in the ordinance or order, that any person interested may appear before the governing body, upon a certain date, which shall be not less than ten days subsequent to the date of the first publication of such abstract and notice and which shall not be prior to the date of the last publication by such abstract and notice, and present protests, and

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that a certified copy of the ordinance or order is on file with the governing body for review by interested parties during the office hours of the governing body. At such hearing all protests and suggestions shall be heard and the governing body shall take such action as it considers proper in the premises: Provided, That if at such hearing written protest is filed by thirty percent or more of the freeholders of the municipality or county, then the governing body of said municipality or county shall not take further action unless four fifths of the qualified members of said governing body assent thereto.

Acts 1933, Ex. Sess., c. 26, § 4; Acts 1967, c. 105; Acts 1969, c. 86; Acts 1971, c. 103; Acts 1981, 1st Ex. Sess., c. 2; Acts 1990, c. 141.

Library References

Municipal Corporations ¶294(7).
Westlaw Topic No. 268.
C.J.S. Municipal Corporations §§ 979, 981.

§ 8-19-6. Amount, negotiability and execution of bonds

Bonds herein provided for shall be issued in such amounts as may be necessary to provide sufficient funds to pay all costs of acquisition, construction, establishment, extension or equipment, including engineering, legal and other expenses, together with interest to a date six months subsequent to the estimated date of completion. Bonds issued under the provisions of this article are hereby declared to be negotiable instruments, and the same shall be executed by the proper legally constituted authorities of the municipality or county commission, and be sealed with the corporate seal of the municipality or certified by the county commission, and in case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance or order authorizing the issuance of the bonds.

Acts 1933, Ex. Sess., c. 26, § 5; Acts 1933, 2nd Ex. Sess., c. 49, § 5; Acts 1969, c. 86; Acts 1970, c. 7; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1984, c. 128; Acts 1990, c. 141.

Library References

Municipal Corporations ¶927.
Westlaw Topic No. 268.
C.J.S. Municipal Corporations § 1699.

§ 8-19-7. Bonds payable solely from revenues; not to constitute municipal or county indebtedness

Bonds issued under the provisions of this article shall be payable solely from the revenues derived from such waterworks or electric power system, and such bonds shall not in any event constitute an indebtedness of such municipality or county within the meaning of any constitutional or statutory provision or

limitation, and it shall be plainly stated on the face of each bond that the same has been issued under the provisions of this article, and that it does not constitute an indebtedness of such municipality or county within constitutional or statutory provision or limitation. Subject to the provisions of subsection (b), section twelve of this article, the ordinance or order authorizing the issuance of the bonds may contain such covenants and restrictions upon the issuance of additional revenue bonds thereafter as may be considered necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued.

Acts 1933, Ex. Sess., c. 26, § 6; Acts 1933, 2nd Ex. Sess., c. 49; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Municipal Corporations ¶950(15).
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1708 to
1709.

§ 8-19-8. Lien of bondholders; deeds of trust; security agreements; priority of liens

Unless the governing body shall otherwise determine in the ordinance or order authorizing the issuance of bonds under this article, there shall be and there is hereby created and granted a statutory mortgage lien upon the waterworks or electric power system so acquired, constructed, established, equipped, extended or improved from the proceeds of bonds hereby authorized to be issued, which shall exist in favor of the holder of said bonds and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such waterworks or electric power system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds.

Any municipality or county commission in acquiring an existing waterworks system or in improving an existing waterworks or electric power system may provide that financing therefor may be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section six of this article. Any revenue bonds so issued to provide financing for such existing waterworks or electric power system or for any improvements to an existing waterworks or electric power system may be secured by a mortgage or deed of trust upon and security interest in the property so acquired or improved or any other interest of the municipality or county commission in property related thereto as determined by the municipality or county commission in the ordinance or order authorizing the issuance of such revenue bonds; and in such event the holders thereof shall have, in addition to any other remedies and rights prescribed by this article, such remedies and rights as may now or hereafter exist in law in the case of mortgages or deeds of trust on real property and security interests in personal property. Such mortgage or deed of trust, upon its recordation, shall have priority over all other liens or encumbrances, however created or arising, on the property covered by such mortgage or deed of trust, to the same extent and for the same amount as if the municipality or county were obligated to pay the

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full amount secured by such mortgage or deed of trust immediately upon the recordation of such mortgage or deed of trust and remained so obligated until the obligations secured are fully discharged.

Acts 1933, Ex. Sess., c. 26, § 7; Acts 1933, 2nd Ex. Sess., c. 49; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1986, 1st Ex. Sess., c. 18; Acts 1990, c. 141.

Library References

Municipal Corporations ¶950(15).
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1708 to
1709.

§ 8-19-9. Covenants with bondholders

Any ordinance or order authorizing the issuance of bonds hereunder, or any trust indenture with any banking institution or trust company within or without the state for the security of said bonds, which any such municipality or county commission is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of such bonds as to:

(a) The purpose or purposes to which the proceeds of sale of such bonds or the revenues derived from said waterworks or electric power system may be applied and the securing, use and disposition thereof, including, if deemed desirable, the appointment of a trustee or depository for any of such funds;

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such waterworks or electric power system, including any part thereof heretofore or hereafter acquired, constructed, established, extended or equipped or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for such reserve or other funds as may be considered necessary or desirable;

(c) The fixing, establishing and collecting of such rates or charges for the use of the services and facilities of the waterworks or electric power system, including the parts thereof heretofore or hereafter acquired, constructed, established, extended or equipped and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of repair, maintenance and operation of such waterworks or electric power system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such waterworks or electric power system, and all reserve and other funds required by the terms of the ordinance or order authorizing the issuance of such bonds;

(d) The transfer from the general funds of the municipality or county commission to the account or accounts of the waterworks or electric power system of an amount equal to the cost of furnishing the municipality or county commission or any of its departments, boards or agencies or the county commission with the services and facilities of such waterworks or electric power system;

(e) Subject to the provisions of subsection (b), section twelve of this article, limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such waterworks or electric power system, and the rank or priority, as to lien and source and security for payment

from the revenues of such waterworks or electric power system, between bonds payable from such revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which such defaults may be declared cured and the acceleration of the maturity of such bonds rescinded and repealed;

(g) Budgets for the annual repair, maintenance and operation of such waterworks or electric power system and restrictions and limitations upon expenditures for such purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of such budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon such waterworks or electric power system, or any part thereof, and the use and disposition of the proceeds of any insurance; and

(i) The keeping of books of account, relating to such undertakings and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified or approved by accountants designated or approved by the holders of bonds issued hereunder.

Any such ordinance, order or trust indenture may also contain such other additional covenants as shall be considered necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such other covenants are not expressly enumerated above, it being the intention hereof to grant to municipalities or county commissions plenary power and authority to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as such covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant to municipalities and counties full and complete power and authority to enter into any contracts, covenants or agreements with holders of bonds issued hereunder not inconsistent with the constitution of this state.

Acts 1955, c. 133; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Municipal Corporations §919.

Westlaw Topic No. 268.

C.J.S. Municipal Corporations § 1661.

§ 8-19-10. Operating contract

Any such municipality or county commission may enter into contracts or agreements with any persons for (1) the repair, maintenance and operation and management of the facilities and properties of said waterworks or electric power system, or any part thereof, or (2) the collection and disbursement of the income and revenues therefor, or for both (1) and (2), for such period of time

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and under such terms and conditions as shall be agreed upon between such municipality or county commission and such persons. Any such municipality or county commission shall have plenary power and authority to provide in the ordinance or order authorizing the issuance of bonds hereunder, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the municipality and county commission as long as any of said bonds, or interest thereon, is outstanding and unpaid.

Acts 1955, c. 133; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Municipal Corporations Ⓒ232.
Westlaw Topic No. 268.
C.J.S. Municipal Corporations § 905.

§ 8-19-11. Rates or charges for water and electric power must be sufficient to pay bonds, etc.; disposition of surplus

Rates or charges for water or electric power fixed precedent to the issuance of bonds shall not be reduced until all of said bonds shall have been fully paid, and may, whenever necessary, be increased in amounts sufficient to provide for the payment of the principal of and interest upon such bonds, and to provide proper funds for the depreciation account and repair, maintenance and operation charges. If any surplus shall be accumulated in the repair, maintenance and operation fund which shall be in excess of the cost of repairing, maintaining and operating the waterworks or electric power system during the remainder of the fiscal year then current, and the cost of repairing, maintaining and operating the said waterworks or electric power system during the fiscal year then next ensuing, then any such excess may be transferred to either the depreciation account or to the bond and interest redemption account, and if any surplus shall be accumulated in the depreciation account over and above that which the municipality or county commission shall find may be necessary for the probable replacements which may be needed during the then present fiscal year, and the next ensuing fiscal year, such excess may be transferred to the bond and interest redemption account, and, if any surplus shall exist in the bond and interest redemption account, the same shall be applied insofar as possible in the purchase or retirement of outstanding revenue bonds payable from such account.

Acts 1933, Ex. Sess., c. 26, § 8; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Municipal Corporations Ⓒ950(15).
Westlaw Topic No. 268.
C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8-19-12. Service charges; sinking fund; amount of bonds; additional bonds; surplus

(a) Every municipality or county commission issuing bonds under the provisions of this article shall thereafter, so long as any of such bonds remain outstanding, repair, maintain and operate its waterworks or electric power

system as hereinafter provided and shall charge, collect and account for revenues therefrom as will be sufficient to pay all repair, maintenance and operation costs, provide a depreciation fund, retire the bonds and pay the interest requirements of the bonds as the same become due. The ordinance or order pursuant to which any such bonds are issued shall pledge the revenues derived from the waterworks or electric power system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts as and when so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance or order pursuant to which such bonds have been issued: Provided, That payment of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality or county commission directly to the United States of America or said agency or department thereof. The bonds hereby authorized shall be issued in such amounts as may be determined necessary to provide funds for the purpose for which they are authorized, and in determining the amount of bonds to be issued it shall be proper to include interest on the bonds for a period not beyond six months from the estimated date of completion.

(b) If the proceeds of the bonds, because of error or otherwise, shall be less than the cost of the property or undertaking for which authorized, additional bonds may be issued to provide the amount of such deficit and such additional bonds shall be considered to be of the same issue and shall be entitled to payment from the same fund without preference or priority over the bonds first authorized and issued.

(c) If the proceeds of the bonds shall exceed the cost of the property or undertaking, the surplus shall be converted into the fund thereon.

Acts 1933, Ex. Sess., c. 26, § 11; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1986, c. 118; Acts 1990, c. 141.

Library References

Municipal Corporations ¶951.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1704 to
1705.

§ 8-19-12a. Deposit required for new customers; lien for delinquent service rates and charges; failure to cure delinquency; payment from deposit; reconnecting deposit; return of deposit; liens; civil actions; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure

(a)(1) Whenever any rates and charges for water services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided, shall be delinquent and the owner, user and

property shall be held liable at law until such time as all such rates and charges are fully paid. When a payment has become delinquent, the municipality may utilize any funds held as a security deposit to satisfy the delinquent payment. All new applicants for service shall indicate to the municipality or governing body whether they are an owner or tenant with respect to the service location.

(2) The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of \$50 or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of water service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent and the user's service is disconnected or terminated, no reconnection or reinstatement of service may be made by the municipality or governing body until another deposit equal to \$50 or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the municipality or governing body. After twelve months of prompt payment history, the municipality or governing body shall return the deposit to the customer or credit the customer's account with interest at a rate as the Public Service Commission may prescribe: *Provided*, That where the customer is a tenant, the municipality or governing body is not required to return the deposit until the time the tenant discontinues service with the municipality or governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The municipality or governing body may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water services to a delinquent user of water facilities ten days after the water services become delinquent regardless of whether the municipality or governing body utilizes the security deposit to satisfy any delinquent payments: *Provided further*, That nothing contained within the rules of the Public Service Commission shall be deemed to require any agents or employees of the municipality or governing body to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill.

(b) All rates or charges for water service whenever delinquent shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for such services rendered plus court fees and costs and a reasonable attorney's fee: *Provided*, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of such real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(c) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(d) No municipality may foreclose upon the premises served by it for delinquent rates or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of such action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought.

Acts 1989, c. 133; Acts 1990, c. 140; Acts 1990, c. 141; Acts 2004, c. 185, eff. 90 days after March 12, 2004; Acts 2010, c. 201, eff. June 11, 2010.

Library References

Water Law ☞2233.
Westlaw Topic No. 405.

§ 8-19-13. Discontinuance of water or electric power service for nonpayment of rates or charges

Any such municipality or county commission shall also have plenary power and authority, and may covenant with the holders of any bonds issued hereunder, to shut off and discontinue the supplying of the water or electric power service of said waterworks or electric power system for the nonpayment of the rates or charges for said water or electric power service.

Acts 1955, c. 133; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Electricity ☞11.2(3).
Water Law ☞2230.
Westlaw Topic Nos. 145, 405.
C.J.S. Electricity § 55.

§ 8-19-14. Bonds for additions, betterments and improvements

Whenever any municipality or county commission shall now or hereafter own and operate a waterworks or electric power system, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and shall desire to construct additions, betterments or improvements thereto, it may issue revenue bonds under the provisions of this article to pay for the same, and the procedure therefor, including the fixing of rates or charges and the computation of the amount thereof, and the power and authority in connection therewith, shall be the same as in this article provided

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for the issuance of bonds for the acquisition, construction, establishment, extension or equipment of a waterworks system or electric power system in a municipality or county which has not heretofore owned and operated a waterworks or electric power system: Provided, That nothing in this article shall be construed as authorizing any municipality or county commission to impair or commit a breach of the obligation of any valid lien or contract created or entered into by it, the intention being to authorize the pledging, setting aside and segregation of such revenues for the construction of such additions, betterments or improvements only where and to the extent consistent with outstanding obligations of such municipality or county commission, and in accordance with the provisions of this article.

Acts 1933, Ex. Sess., c. 26, § 10; Acts 1933, 2nd Ex. Sess., c. 49; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Municipal Corporations ¶911.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1647 to
1649.

§ 8-19-15. System of accounts; audit

Any municipality or county commission operating a waterworks or electric power system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from such waterworks or electric power system and the application of the same. At least once each year such municipality or county commission shall cause such accounts to be properly audited, and a report of such audit shall be open to the public for inspection at all reasonable times.

Acts 1939, c. 98, § 10; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Municipal Corporations ¶885.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1628 to
1629.

§ 8-19-16. Protection and enforcement of rights of bondholders, etc.; receivership

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section eight of this article, protect and enforce any and all rights granted hereunder or under any such ordinance, order or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any such ordinance, order or trust indenture to be performed by the municipality or county commission, or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates or charges for services rendered by the waterworks or electric power system: If there be default in the payment of the principal of or interest upon any of such bonds, or of both principal and interest, any court having jurisdiction shall

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appoint a receiver to administer said waterworks or electric power system on behalf of the municipality or county commission, and the bondholders or trustee, or both, with power to charge and collect rates or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and such receiver shall apply the revenues in conformity with the provisions of this article and the ordinance or order pursuant to which such bonds have been issued or any trust indenture, or both.

Acts 1933, Ex. Sess., c. 26, § 12; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Municipal Corporations Ⓒ955(1).
Westlaw Topic No. 268.

PART V—GRANTS, LOANS, ADVANCES AND AGREEMENTS; CUMULATIVE AUTHORITY

§ 8-19-17. Grants, loans, advances and agreements

As an alternative to, or in conjunction with, the issuance of revenue bonds authorized by this article, any municipality or county commission is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, or otherwise enter into agreement, including, but not limited to, agreements of indemnity, assurance or guarantee with respect to, and for the purpose of financing part or all of, the cost of acquisition, construction, establishment, extension or equipment of waterworks or electric power systems and the construction of additions, betterments and improvements to existing waterworks systems or to existing electric power systems, and for the other purposes herein authorized, from or with any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, or the municipality's or county's financial obligations contained in such other agreements, which need not bear interest, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of or proceeds from the said waterworks system or electric power system or grants to the municipality or county commission from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and may be secured in the manner provided in sections eight, nine and sixteen of this article to secure bonds issued under the provisions of this article, but shall not otherwise be subject to the requirements of sections eleven and twelve of this article, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or

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department of the United States, or with any private agency, corporation or individual.

In no event shall any such loan or temporary advance or agreement be a general obligation of the municipality or county and such loans or temporary advances or agreements, including the interest thereon, shall be paid solely from the sources specified in this section.

Acts 1961, c. 105; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1981, 1st Ex. Sess., c. 2; Acts 1986, c. 118; Acts 1986, 1st Ex. Sess., c. 18; Acts 1990, c. 141.

Library References

Municipal Corporations ¶908.
Westlaw Topic No. 268.
C.J.S. *Municipal Corporations* §§ 1646, 1652.

§ 8-19-18. Additional and alternative method for constructing or improving and for financing waterworks or electric power system; cumulative authority

This article shall, without reference to any other statute or charter provision, be deemed full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to a waterworks or electric power system or for the construction of any additions, betterments, improvements, repairs, maintenance or operation of or to an existing electric power system as herein provided and for the issuance and sale of the bonds or the alternative methods of financing by this article authorized, and shall be construed as an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any such undertaking or to the issuance or sale of bonds or the alternative methods of financing under the provisions of this article and no publication of any resolution, ordinance, order, notice or proceeding relating to any such undertaking or to the issuance or sale of such bonds or the alternative methods of financing shall be required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the state division of health shall remain unaffected by this article.

This article shall be construed as cumulative authority for any undertaking herein authorized, and shall not be construed to repeal any existing laws with respect thereto.

Acts 1933, Ex. Sess., c. 26, § 13; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1986, 1st Ex. Sess., c. 18; Acts 1990, c. 141.

Library References

Municipal Corporations ¶271, 272.
Westlaw Topic No. 268.

PART VI—OPERATION BY BOARD; CONSTRUCTION

§ 8-19-19. Alternative procedure for acquisition, construction or improvement of waterworks or electric power system

As an alternative to the procedures hereinabove provided, any municipality or county commission is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a waterworks or an electric power system or to construct, maintain and operate additions, betterments and improvements to an existing waterworks system or an existing electric power system, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and to collect the revenues therefrom for the services rendered thereby, through the supervision and control of a committee, by whatever name called, composed of all or a portion of the governing body, or of a board or commission appointed by such governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen of this chapter.

Acts 1961, c. 104; Acts 1969, c. 86; Acts 1978, c. 72; Acts 1990, c. 141.

Library References

Electricity ☞1.5.
Water Law ☞1869.

Westlaw Topic Nos. 145, 405.
C.J.S. Electricity §§ 13 to 21.

§ 8-19-20. Article to be liberally construed

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes.

Acts 1933, Ex. Sess., c. 26, § 14; Acts 1969, c. 86; Acts 1990, c. 141.

§ 8-19-21. Specifications for water mains and water service pipes

Considering the importance of public fire protection, any state or local government, public service district, public or private utility which installs or constructs water mains, shall ensure that all new mains specifically intended to provide fire protection are not less than six inches in diameter. Effective the first day of July, two thousand seven, when any state or local government, public service district, public or private utility installs or constructs water mains along a platted roadway or a public highway, using a six inch or greater line, that is specifically designed to provide fire protection, the state or local government, public service district, public or private utility shall install fire hydrants at intervals of not more than two thousand feet, unless there are no dwellings or businesses located one thousand feet from such proposed hydrant: *Provided*, That the Legislature shall study the effect, cost and feasibility of the internal hydrant valve and report the findings of that study to the regular session of the Legislature in the year two thousand and eight. A permit or other written approval shall be obtained from the Department of Health and Human Resources for each hydrant or group of hydrants installed in compli-

ance with section nine, article one, chapter sixteen of the West Virginia Code as amended: *Provided, however,* That all newly constructed water distribution systems transferred to a public or private utility shall have mains at least six inches in diameter where fire flows are required by the public or private utility: *Provided further,* That the utility providing service has sufficient hydraulic capacity as determined by the Department of Health and Human Resources. Acts 1994, c. 31; Acts 2007, c. 187, eff. June 16, 2007.

Library References

Water Law ⇄2080.
Westlaw Topic No. 405.

§ 8-19-22. Identification requirement for fire hydrants that are inoperable or unavailable for use in emergency situations

(a) The owner or operator of a fire hydrant or any device having the appearance of a fire hydrant that is located in a place that an entity responsible for providing fire suppression services in a fire emergency would expect a fire hydrant to typically be located, shall mark the fire hydrant or device, as set out in subsection (b) of this section, if the owner or operator has actual knowledge that the fire hydrant or device is inoperable or is unavailable for use by an entity providing fire suppression services in a fire emergency.

(b) To mark the fire hydrant or device, the owner or operator of the fire hydrant or device shall:

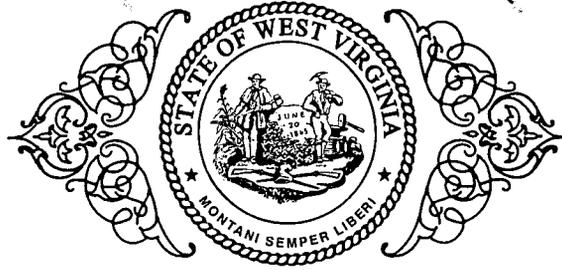
(1) Paint the fire hydrant or device black if the fire hydrant or device is inoperable or unavailable for use; or

(2) Place a black tarp over the fire hydrant or device if the device is temporarily inoperable or temporarily unavailable for use in a fire emergency, for a period not to exceed fourteen days.

(c) For the purposes of this section, the word "inoperable" means a fire hydrant that does not produce water flow when activated.

Acts 2009, c. 163, eff. July 9, 2009.

State of West Virginia



Certificate

*I, Natalie E. Tennant, Secretary of State of the
State of West Virginia, hereby certify that*

THIS IS A TRUE COPY OF CHAPTER 31, ARTICLE 15A OF THE WEST VIRGINIA CODE, CHAPTER 31, ARTICLE 15A OF THE 2013 SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.



*Given under my hand and the
Great Seal of the State of
West Virginia on*

July 21, 2014

Natalie E. Tennant

Secretary of State

ARTICLE 15A
WEST VIRGINIA INFRASTRUCTURE AND
JOB DEVELOPMENT COUNCIL

Section	
31-15A-1.	Short title.
31-15A-2.	Definitions.
31-15A-3.	West Virginia Infrastructure and Jobs Development Council continued; members of council; staff of council.
31-15A-4.	Development of guidelines and preliminary application for funding assistance.
31-15A-5.	Requirements for project funding assistance; review of project preliminary applications by council.
31-15A-6.	Powers, duties and responsibilities of the council generally; comprehensive assessment.
31-15A-7.	Current and prospective planning; roads and highways; report to division of highways.
31-15A-8.	Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.
31-15A-9.	Infrastructure fund; deposits in fund; disbursements to provide loans, loan guarantees, grants and other assistance; loans, loan guarantees, grants and other assistance shall be subject to assistance agreements; West Virginia Infrastructure Lottery Revenue Debt Service Fund; use of funds for projects.
31-15A-10.	Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.
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31-15A-12.	Additional powers of water development authority.
31-15A-13.	Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions.
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31-15A-21.	Purchase and cancellation of infrastructure revenue bonds.
31-15A-22.	Refunding revenue bonds.
31-15A-23.	Infrastructure revenue bonds not debt of state, county, municipality or any political subdivision.
31-15A-24.	Infrastructure revenue bonds exempt from taxation.

§ 31-15A-1. Short title

This article shall be known and may be cited as the "West Virginia Infrastructure and Jobs Development Act."

Acts 1994, 1st Ex. Sess., c. 26.

§ 31-15A-2. Definitions

For purposes of this article:

(a) "Bond" or "infrastructure revenue bond" means a revenue bond, note, or other obligation issued by the water development authority pursuant to this article, including bonds to refund such bonds and notes to renew such notes, and notes in anticipation of and payable from the proceeds of such bonds.

(b) "Code" means the code of West Virginia, one thousand nine hundred thirty-one, as amended;

(c) "Cost" means, as applied to any project to be financed, in whole or in part, with infrastructure revenues or funds otherwise provided pursuant to this article, the cost of planning, acquisition, improvement and construction of the project; the cost of preliminary design and analysis, surveys, borings; the cost of environmental, financial, market and engineering feasibility studies, assessments, applications, approvals, submissions or clearances; the cost of preparation of plans and specifications and other engineering services; the cost of acquisition of all land, rights-of-way, property rights, easements, franchise rights and any other interests required for the acquisition, repair, improvement or construction of the project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which buildings or structures may be moved; the cost of excavation, grading, shaping or treatment of earth, demolishing or removing any buildings or structures; the cost of constructing any buildings or other improvements; the cost of all pumps, tanks, vehicles, apparatus and other machinery, furnishings and equipment; loan or origination fees and all finance charges and interest incurred prior to and during the construction and for no more than six months after completion of construction; the cost of all legal services and expenses; the cost of all plans, specifications, surveys and estimates of cost; all working capital and other expenses necessary or incident to determining the feasibility or practicability of acquiring, repairing, improving or constructing any project; the cost of placing any project in operation; and all other costs and expenses of any kind or nature incurred or to be incurred by the project sponsor developing the project that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project: Provided, That costs shall not include any amounts related to the ongoing operations of the owner or operator, depreciation thereof or any other cost which the council or the water development authority has not determined to be consistent with the purposes and objectives of this article;

(d) "Council" means the West Virginia infrastructure and jobs development council created in section three of this article;

(e) "Division of environmental protection" means the division of environmental protection established under article one, chapter twenty-two of this code, or any successor to all or any substantial part of its powers and duties;

(f) "Division of health" means the division of health created in article one, chapter sixteen of this code, or any successor to all or any substantial part of its powers and duties;

(g) "Economic development authority" means the economic development authority established under article fifteen, chapter thirty-one of the code, or any successor to all or any substantial part of its powers and duties;

(h) "Emergency project" means a project which the council has determined:
(1) Is essential to the immediate economic development of an area of the state; and

(2) will not likely be developed in that area if construction of the project is not commenced immediately;

(i) "Governmental agency" means any county; municipality; watershed improvement district; assessment district; soil conservation district; sanitary district; public service district; drainage district; regional governmental authority and any other state governmental agency, entity, political subdivision or public corporation or agency authorized to acquire, construct or operate water or wastewater facilities or infrastructure projects;

(j) "Housing development fund" means the West Virginia housing development fund established under article eighteen of this chapter, or any successor to all or any substantial part of its powers and duties;

(k) "Infrastructure fund" means the West Virginia infrastructure fund created and established in section nine of this article;

(l) "infrastructure project" means a project in the state which the council determines is likely to foster and enhance economic growth and development in the area of the state in which the project is developed, for commercial, industrial, community improvement or preservation or other proper purposes, including, without limitation, tourism and recreational housing, land, air or water transportation facilities and bridges, industrial or commercial projects and facilities, mail order, warehouses, wholesale and retail sales facilities and other real and personal properties, including facilities owned or leased by this state or any other project sponsor, and includes, without limitation:

(1) the process of acquiring, holding, operating, planning, financing, demolition, construction, improving, expanding, renovation, leasing or otherwise disposing of the project or any part thereof or interest therein; and

(2) preparing land for construction and making, installing or constructing improvements on the land, including water or wastewater facilities or any part thereof, steam, gas, telephone and telecommunications and electric lines and installations, roads, bridges, railroad spurs, buildings, docking and shipping facilities, curbs, gutters, sidewalks, and drainage and flood control facilities, whether on or off the site;

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(m) "Infrastructure revenue" means all amounts appropriated by the Legislature; all amounts deposited into the infrastructure fund; any amounts received, directly or indirectly, from any source for the use of all or any part of any project completed pursuant to this article; and any other amounts received by the state treasurer, council or the water development authority for the purposes of this article;

(n) "Need of the project sponsors" means there is a public need for a project. The council shall construe a population increase evidenced by the last two decennial censuses in a county in which a project is proposed, as a factor supporting the conclusion that a need exists for projects in that county.

(o) "Project" means any wastewater facility, water facility project or any combination thereof, constructed or operated or to be constructed or operated by a project sponsor;

(p) "Project sponsor" means any governmental agency or person, or any combination thereof, including, but not limited to, any public utility, which intends to plan, acquire, construct, improve or otherwise develop a project;

(q) "Public service commission" means the public service commission of West Virginia created and established under section three, article one, chapter twenty-four of this code, or any successor to all or any substantial part of its powers and duties;

(r) "Person" means any individual, corporation, partnership, association, limited liability company or any other form of business organization;

(s) "Public utility" means any person or persons, or association of persons, however associated, whether incorporated or not, including, without limitation, any governmental agency, operating a wastewater facility or water facility as a public service, which is regulated by the public service commission as a public utility under chapter twenty-four of this code or which is required to file its tariff with the public service commission;

(t) "State development office" means the West Virginia development office established under article two, chapter five-b of this code, or any successor to all or any substantial part of its powers and duties;

(u) "State infrastructure agency" means the division of health, division of environmental protection, housing development fund, public service commission, state development office, water development authority, economic development authority and any other state agency, division, body, authority, commission, instrumentality or entity which now or in the future receives applications for the funding of, and provides funding or technical assistance to, the planning, acquisition, construction or improvement of a project;

(v) "Wastewater facility" means all facilities, land and equipment used for or in connection with treating, neutralizing, disposing of, stabilizing, cooling, segregating or holding wastewater, including, without limitation, facilities for the treatment and disposal of sewage, industrial wastes or other wastes, wastewater, and the residue thereof; facilities for the temporary or permanent impoundment of wastewater, both surface and underground; and sanitary

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sewers or other collection systems, whether on the surface or underground, designed to transport wastewater together with the equipment and furnishings therefor or thereof and their appurtenances and systems, whether on the surface or underground including force mains and pumping facilities therefor;

(w) "Water development authority" means the West Virginia water development authority continued pursuant to the provisions of article one, chapter twenty-two-c of this code, or any successor to all or any substantial part of its powers and duties; and

(x) "Water facility" means all facilities, land and equipment used for or in connection with the collection and/or storage of water, both surface and underground, transportation of water, storage of water, treatment of water and distribution of water all for the purpose of providing potable, sanitary water suitable for human consumption and use.

Acts 1994, 1st Ex. Sess., c. 26; Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

States Ⓒ83, 147.
Westlaw Topic No. 360.
C.J.S. States §§ 262, 437, 443 to 445.

§ 31-15A-3. West Virginia Infrastructure and Jobs Development Council continued; members of council; staff of council

(a) The West Virginia Infrastructure and Jobs Development Council is continued. The council is a governmental instrumentality of the state. The exercise by the council of the powers conferred by this article and the carrying out of its purpose and duties shall be considered and held to be, and are determined to be, essential governmental functions and for a public purpose.

(b) The council shall consist of thirteen members, including:

- (1) The Governor or designee;
- (2) The Executive Director of the Housing Development Fund or his or her designee;
- (3) The Director of the Division of Environmental Protection or his or her designee;
- (4) The Director of the Economic Development Authority or his or her designee;
- (5) The Director of the Water Development Authority or his or her designee;
- (6) The Director of the Division of Health or his or her designee;
- (7) The Chairman of the Public Service Commission or his or her designee; and
- (8) Six members representing the general public: *Provided*, That there shall be at least one member representing the general public from each congressional district. No more than one member representing the general public may be a resident of the same county.

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(c) The Governor shall appoint the public members of the Council who shall serve three-year staggered terms.

(d) The Commissioner of the Division of Highways, the Executive Director of the state rail authority, two members of the West Virginia Senate, two members of the West Virginia House of Delegates, the Chancellor of the Higher Education Policy commission and the Chancellor of the West Virginia Council for Community and Technical College Education serve as advisory members of the council. The advisory members shall be ex officio, nonvoting members of the Council.

(e) The Governor shall appoint the legislative members of the council: *Provided*, That no more than three of the legislative members may be of the same political party.

(f) The Governor shall appoint the representatives of the governing boards from a list of three names submitted by each governing board.

(g) The Governor or designee shall serve as chairman and the council shall annually appoint a vice chairperson and shall appoint a secretary, who need not be a member of the Council and who shall keep records of its proceedings. Seven members of the Council shall constitute a quorum and the affirmative vote of at least the majority of those members present shall be necessary for any action taken by vote of the Council. A vacancy in the membership of the council does not impair the rights of a quorum by such vote to exercise all the rights and perform all the duties of the council.

(h) A member of the council who serves by virtue of his or her office does not receive compensation or reimbursement of expenses for serving as a member. The public members are reimbursed for actual expenses incurred in the service of the council in a manner consistent with guidelines of the travel management office of the Department of Administration.

(i) The council meets at least monthly to review projects and infrastructure projects requesting funding assistance and otherwise to conduct its business and may meet more frequently if necessary. Notwithstanding any other provision of this article to the contrary, the Economic Development Authority is not subject to council review with regard to any action taken pursuant to the authority established in article fifteen, chapter thirty-one of this code. The Governor's civil contingent fund is not subject to council review with regard to projects or infrastructure projects funded through the Governor's Civil Contingent Fund.

(j) The Water Development Authority shall provide office space for the council and each governmental agency represented on the council shall provide staff support for the council in the manner determined appropriate by the council.

(k) The council shall invite to each meeting one or more representatives of the United States Department of Agriculture, Rural Economic Community Development, the United States Economic Development Agency and the United States Army Corps of Engineers or any successors thereto. The council shall

invite other appropriate parties as is necessary to effectuate the purposes of this article.

Acts 1994, 1st Ex. Sess., c. 26; Acts 1995, c. 130, eff. March 10, 1995; Acts 2005, 1st Ex. Sess., c. 3, eff. Jan. 29, 2005; Acts 2009, c. 221, eff. April 10, 2009.

Historical and Statutory Notes

Acts 2005, 1st Ex. Sess., c. 3, rewrote (b); in (c), substituted "The governor or designee shall serve as chairman and the council shall annually appoint a vice chairperson" for "The council shall annually elect one of its members as chairman"; rewrote (d); and made nonsubstantive changes throughout the section. Prior to revision, (b) and (d) read:

"(b) The council shall consist of eleven members, including the executive director of the housing development fund or his or her designee, the director of the division of environmental protection or his or her designee, the director of the economic development authority or his or her designee, the director of the water development authority or his or her designee, the executive director of the state development office or his or her designee, the director of the division of health or his or her designee, the chairman of the public service commission or his or her designee, and four members representing the general public: *Provided*, That there shall be at least one member representing the general public from each congressional district: *Provided*, however, That after the expiration of the term of office of the members first appointed as representatives of the general public, no more than one member representing the general public may be a resident of the same county. The governor shall appoint the public members of the council who shall serve three-year staggered terms. The commissioner of the division of highways, the executive director of the state rail authority, two members of the West Virginia Senate, two members of the West Virginia House of Delegates, one representative of the board of directors of the state college system and one representative of the board of trustees of the university of West Virginia shall serve as advisory members of the council. The governor shall appoint the legislative members of the council: *Provided* further, That no more than three of the legislative members may be of the same political party. The governor shall appoint the representatives of the governing boards from a list of three names submitted by each governing board. The advisory members shall be *ex officio*, nonvoting members of the council."

"(d) No member of the council who serves by virtue of his or her office shall receive any compensation or reimbursement of expenses for serving as a member. The members of the council who represent the general public shall

receive reimbursement for actual expenses incurred in the service of the council."

Acts 2009, c. 221, rewrote this section, which formerly read:

"(a) The West Virginia infrastructure and jobs development council is hereby continued. The council is a governmental instrumentality of the state. The exercise by the council of the powers conferred by this article and the carrying out of its purpose and duties shall be considered and held to be, and are hereby determined to be, essential governmental functions and for a public purpose.

"(b) The council shall consist of eleven members, including the governor or designee, the executive director of the housing development fund or his or her designee, the director of the division of environmental protection or his or her designee, the director of the economic development authority or his or her designee, the director of the water development authority or his or her designee, the director of the division of health or his or her designee, the chairman of the public service commission or his or her designee, and four members representing the general public: *Provided*, That there shall be at least one member representing the general public from each congressional district: *Provided*, however, That after the expiration of the term of office of the members first appointed as representatives of the general public, no more than one member representing the general public may be a resident of the same county. The governor shall appoint the public members of the council who shall serve three-year staggered terms. The commissioner of the division of highways, the executive director of the state rail authority, two members of the West Virginia Senate, two members of the West Virginia House of Delegates, the chancellor of the higher education policy commission and the chancellor of the West Virginia council for community and technical college education serve as advisory members of the council. The governor shall appoint the legislative members of the council: *Provided* further, That no more than three of the legislative members may be of the same political party. The governor shall appoint the representatives of the governing boards from a list of three names submitted by each governing board. The advisory members shall be *ex officio*, nonvoting members of the council.

"(c) The governor or designee shall serve as chairman and the council shall annually ap-

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point a vice chairperson and shall appoint a secretary, who need not be a member of the council and who shall keep records of its proceedings. Six members of the council shall constitute a quorum and the affirmative vote of at least the majority of those members present shall be necessary for any action taken by vote of the council. A vacancy in the membership of the council does not impair the rights of a quorum by such vote to exercise all the rights and perform all the duties of the council.

"(d) A member of the council who serves by virtue of his or her office does not receive compensation or reimbursement of expenses for serving as a member. The public members are reimbursed for actual expenses incurred in the service of the council in a manner consistent with guidelines of the travel management office of the department of administration.

"(e) The council meets at least monthly to review projects and infrastructure projects requesting funding assistance and otherwise to conduct its business and may meet more frequently if necessary. Notwithstanding any oth-

er provision of this article to the contrary, the economic development authority is not subject to council review with regard to any action taken pursuant to the authority established in article fifteen, chapter thirty-one of this code. The governor's civil contingent fund is not subject to council review with regard to projects or infrastructure projects funded through the governor's civil contingent fund.

"(f) The water development authority shall provide office space for the council and each governmental agency represented on the council shall provide staff support for the council in the manner determined appropriate by the council.

"(g) The council shall invite to each meeting one or more representatives of the United States department of agriculture, rural economic community development, the United States economic development agency and the United States army corps of engineers or any successors thereto. The council shall invite such other appropriate parties as is necessary to effectuate the purposes of this article."

Library References

States §§ 69, 74, 83.
Westlaw Topic No. 360.

C.J.S. States §§ 224 to 225, 229, 249 to 250,
252, 262.

§ 31-15A-4. Development of guidelines and preliminary application for funding assistance

(a) To implement and carry out the intent of this article, the council shall promulgate legislative rules in accordance with article three, chapter twenty-nine-a of this code to develop comprehensive, uniform guidelines for use by the council and other state infrastructure agencies in evaluating any request by a project sponsor for funding assistance to plan, acquire, construct, improve or otherwise develop a project or infrastructure project. The guidelines shall include the following factors: (1) the public health benefits of the project or infrastructure project; (2) the economic development benefits of the project or infrastructure project; (3) the degree to which the project or infrastructure project will correct deficiencies in the compliance of water supply or sewage treatment facilities with state or federal laws, regulations or standards; (4) the degree to which the project or infrastructure project encourages effective and efficient consolidation of water or sewage treatment systems consistent with the comprehensive plan developed pursuant to section six of this article; (5) the cost effectiveness of the project or infrastructure project as compared with alternatives which achieve substantially the same public health or economic development benefits, including the consideration of providing maximum feasible fire protection; (6) the availability of alternative sources of funding which could finance all or a part of the project and infrastructure project, and the need for the assistance of the council to finance the project or infrastructure project or attract other sources of funding; (7) the applicant's ability to operate and maintain the system if the project or infrastructure project is approved; (8)

the degree to which the project or infrastructure project achieves other state or regional planning goals; (9) the estimated date upon which the project or infrastructure project could commence if funding were available and the estimated completion date of the project or infrastructure project; and (10) such other considerations as the council may consider necessary or appropriate to accomplish the purpose and intent of this article.

(b) The council shall create a preliminary application form which shall be used by all project sponsors requesting funding assistance from state infrastructure agencies to plan, acquire, construct, improve or otherwise develop an infrastructure project or project. The preliminary application form shall contain all information required by all state infrastructure agencies that will be required to issue permits and/or certificates regarding the project or infrastructure project. The preliminary application shall require the project sponsor to set forth the type and proposed location of the infrastructure project or project; the estimated total cost of the project; the amount of funding assistance required and the specific uses of the funding; other sources of funding available or potentially available for the infrastructure project or project; information demonstrating the need for the infrastructure project or project and that the proposed funding of the project is the most economically feasible and viable alternative to completing the project or infrastructure project; and such other information as the council considers necessary to enable it to recommend the type of project or infrastructure project financing, in terms of the kind, amount and source of funding, which the project sponsor should pursue and which the state infrastructure agency or agencies should consider an appropriate investment of public funds, and to otherwise carry out the intent of this article.

Acts 1994, 1st Ex. Sess., c. 26.

Library References

States 69, 74, 83.
Westlaw Topic No. 360.

C.J.S. States §§ 224 to 225, 229, 249 to 250,
252, 262.

§ 31-15A-5. Requirements for project funding assistance; review of project preliminary applications by council

(a) No project sponsor may apply for or receive any loan, loan guarantee, grant or other funding assistance for a project or infrastructure project from any state infrastructure agency (i) unless the project sponsor requiring the funding assistance first submits a completed preliminary application to the council on the form prepared for such purpose by the council pursuant to section four of this article, and (ii) except as may be recommended by the council after consideration of the preliminary application: Provided, That any project sponsor which has an infrastructure project or project with either acceptable bids or all funding in place on the effective date of this act is not required to comply with the provisions of this section.

(b) The council shall, within thirty days of receipt of each completed preliminary application submitted to it, review the preliminary application and either

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(i) make a written recommendation as to the infrastructure project or project financing, in terms of the kind, amount and source of funding, which the project sponsor submitting the application should pursue and which the state infrastructure agency or agencies should consider an appropriate investment of public funds, or (ii) if the council determines that (1) the proposed project or infrastructure project is not eligible for funding assistance from any state infrastructure agency, or (2) the proposed project or infrastructure project is not otherwise an appropriate or prudent investment of state funds, the council shall recommend that the project sponsor not seek funding from any state infrastructure agency. A project sponsor shall include the preliminary application and the council's recommendations in any application to a state infrastructure agency.

(c) The council shall provide a copy of its recommendation with respect to each preliminary application, together with a copy of the preliminary application, to all appropriate state infrastructure agencies, which shall take into account the council's recommendations with respect to a project or infrastructure project before taking any action with respect to the project. No state infrastructure agency shall take any action inconsistent with the recommendation of the council unless the governing body of the agency, or the head of the agency if it has no governing body, expressly finds and determines that the recommendation is not in the best interest of the state or the area in which the proposed infrastructure project or project is to be located.

(d) In reviewing each preliminary application, the council shall use the engineering, financial and technical expertise of the respective staffs of the state infrastructure agencies represented on the council so as to recommend for funding those projects or infrastructure projects which are consistent with the purposes and intent of this article and with the policies and priorities of this state generally. The council may include in its findings a recommendation that a state infrastructure agency consider technical reports on the project prepared by other infrastructure agencies or by any federal agency.

Acts 1994, 1st Ex. Sess., c. 26.

Library References

States 69, 74, 83.
Westlaw Topic No. 360.

C.J.S. States §§ 224 to 225, 229, 249 to 250,
252, 262.

§ 31-15A-6. Powers, duties and responsibilities of the council generally; comprehensive assessment

(a) In addition to the powers set forth elsewhere in this article, the council is granted, has and may exercise all powers necessary or appropriate to carry out and effectuate the purposes and intent of this article. The council shall have the power and capacity to:

(1) Provide consultation services to project sponsors in connection with the planning, acquisition, improvement, construction or development of any infrastructure project or project;

(2) Periodically prepare a list of infrastructure projects or projects which cannot meet the established funding guidelines of the various state infrastruc-

ture agencies, other than the Housing Development Fund, but which are consistent with the mandates of this article and recommend to the Water Development Authority that it make a grant or loan to the project sponsors from the infrastructure fund to finance the cost of one or more such projects or infrastructure projects;

(3) Do all other acts necessary and proper to carry out the powers expressly granted to the authority in this article; and

(4) Make and execute contracts, commitments and obligations and other instruments necessary or convenient for the exercise of its powers.

(b) The council shall develop a comprehensive statewide inventory of water supply systems and sewage treatment systems and an assessment of current and future needs. The assessment shall identify the areas of the state which do not have adequate public water or sewage systems and offer recommendations for the construction of new facilities or the extension or expansion of existing facilities to meet the identified needs. The council shall include in the assessment an identification of the obstacles, issues and problems which prevent or inhibit development of adequate infrastructure throughout the state, including financial, governmental, physical, or geographical factors and make recommendation as the council considers appropriate regarding the obstacles, issues or problems identified. This comprehensive inventory and assessment shall be updated at least once in every three-year period after the initial assessment and inventory is completed in 1996.

(c) The council shall study the viability of the consolidation of public service districts throughout the state. The council shall report their findings and conclusions on or before January 16, 1995 to the Governor, Speaker of the House of Delegates and President of the Senate.

Acts 1994, 1st Ex. Sess., c. 26; Acts 2009, c. 221, eff. April 10, 2009.

Historical and Statutory Notes

Acts 2009, c. 221, rewrote this section, which formerly read:

“(a) In addition to the powers set forth elsewhere in this article, the council is hereby granted, has and may exercise all powers necessary or appropriate to carry out and effectuate the purposes and intent of this article. The council shall have the power and capacity to:

“(1) Provide consultation services to project sponsors in connection with the planning, acquisition, improvement, construction or development of any infrastructure project or project;

“(2) Periodically prepare a list of infrastructure projects or projects which cannot meet the established funding guidelines of the various state infrastructure agencies, other than the housing development fund, but which are consistent with the mandates of this article and recommend to the water development authority that it make a grant or loan to the project sponsors from the infrastructure fund to finance

the cost of one or more such projects or infrastructure projects;

“(3) Do all other acts necessary and proper to carry out the powers expressly granted to the authority in this article; and

“(4) Make and execute contracts, commitments and obligations and other instruments necessary or convenient for the exercise of its powers.

“(b) The council shall develop a comprehensive statewide inventory of water supply systems and sewage treatment systems and an assessment of current and future needs by the first day of July, one thousand nine hundred ninety-six. The assessment shall identify the areas of the state which do not have adequate public water or sewage systems and offer recommendations for the construction of new facilities or the extension or expansion of existing facilities to meet the identified needs. The council shall include in the assessment an identification of the obstacles, issues and problems which pre-

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vent or inhibit development of adequate infrastructure throughout the state, including financial, governmental, physical, or geographical factors and make recommendation as the council considers appropriate regarding the obstacles, issues or problems identified. This comprehensive inventory and assessment shall be updated at least once in every three-year period after the initial assessment and inventory is completed.

“(c) The council shall study the viability of the consolidation of public service districts throughout the state: Provided, That the study shall encompass not only public service districts

but also any and all entities which provide or supply water and sewer service to the general public: Provided, however, That the council shall, in the preparation of the study, consult with the public service district division of the public service commission and representatives of the West Virginia rural water association and the West Virginia association of public service districts, as needed. The council shall report their findings and conclusions on or before the sixteenth of January of the year one thousand nine hundred ninety-five to the governor, speaker of the house of delegates and president of the senate.”

Library References

States 69, 74, 83.
Westlaw Topic No. 360.

C.J.S. States §§ 224 to 225, 229, 249 to 250,
252, 262.

§ 31-15A-7. Current and prospective planning; roads and highways; report to division of highways

(a) The council shall take into account the current and prospective infrastructure needs in relation to plans of the division of highways for the development and building of new roads. Upon completion of an environmental impact study, the commissioner of highways shall provide the council with plans for any and all new roads. In a timely manner, the council shall advise the commissioner of the division of highways on the feasibility of the expansion of new or existing water and sewer lines concomitant to the construction of the new roads.

(b) The council has the authority to appoint local infrastructure planning teams. The local infrastructure planning teams may consist of the following: A designee of the division of highways from the region where the new road is being built; a designee of the division of highways from the central state office; a designee from the environmental engineers division of the department of health and human resources; a designee from the local developmental authority where the new road is being built; a designee from the regional developmental authority in the area where the new road is being built; a designee from the public service commission; a designee from the division of environmental protection; a designee from the county commission where the new road is being built who shall serve as chairperson of the planning team; a citizen of the county where the new road is being built to be chosen by the county commission; and the elected state delegates and senators from the area where the new road is being built. In order to avoid delay of any highway project, immediately upon appointment of a local infrastructure planning team, the director of the division of highways shall submit to the council a time frame within which the planning team must act and within which the planning team must submit any plans, maps, recommendations or reports developed pursuant to this subsection. The local infrastructure planning team shall meet prior to the development and building of a new road. Members of the local infrastructure planning team shall only receive payment for actual expenses incurred. The local

infrastructure planning team shall advise the commissioner of the division of highways on the feasibility of an infrastructure plan. The local infrastructure planning team shall meet to develop an infrastructure plan that includes an assessment study of existing water and sewer lines and a feasibility study on future development and laying of water and sewer lines. After these studies are completed, a developmental map shall be drawn of the proposed road route with overlays of the proposed water and sewer lines. These studies and the map shall be presented to the commissioner of the division of highways and shall be used by the commissioner in the planning, developing and building of the road.

(c) The water development authority shall establish a restricted account within the infrastructure fund to be expended for the construction of water and sewage lines as may be recommended by the council in accordance with this article and specifically, in accordance with the plan developed under subsection (b) of this section. The reserve account shall be known as the "infrastructure road improvement reserve account". The council and the division of highways may enter into agreements to share the cost of financing projects approved in accordance with this section from moneys available in the infrastructure road reserve account and moneys available from the state road fund. Annually, the council may direct the water development authority to transfer funds from the infrastructure fund in an amount not to exceed one million dollars to the restricted account: Provided, That at no time may the balance of the restricted account exceed one million dollars.

(d) For the purposes of this section the term "new" means a road right-of-way being built for the first time.

(e) After the construction of water and sewer lines adjacent to the new road, these new lines shall be turned over to existing utilities by expansion of boundaries of public service districts or shall be main extensions from the municipality.

Acts 1994, 1st Ex. Sess., c. 26.

Library References

Highways §91.	C.J.S. Highways § 155.
Water Law §1036.	C.J.S. Waters §§ 483, 543 to 581.
Westlaw Topic Nos. 200, 405.	

§ 31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project

(a) If the council determines a project to be an emergency and the emergency project will be funded solely with grant money for the extension of an existing certificated water facility or wastewater facility, and if the council finds in its recommendation that the construction and acquisition of the emergency project will have no effect on the public utility's customer rates and will have

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no significant effect on its operational costs as a result of the project cost, then the emergency project is exempt from the requirement to obtain a certificate of public convenience and necessity under section eleven, article two, chapter twenty-four of this code. If the public utility is a public service district, it is exempt from the approval of the public service commission required under section twenty-five, article thirteen-a, chapter sixteen of this code.

(b) Any public utility, and any other entity that will operate as a public utility, must obtain a certificate of public convenience and necessity pursuant to section eleven, article two, chapter twenty-four of this code for any emergency project that is not exempt under subsection (a) of this section. The public service commission shall render its final decision on any application for a certificate within one hundred twenty days of the filing of the application: Provided, That the thirty-day prefiling requirement is not required. If the project sponsor is a public service district, then the project will be exempted from the approval requirements of section twenty-five, article thirteen-a, chapter sixteen of this code.

(c) Projects that are not emergency projects are subject to the requirements of section eleven, article two, chapter twenty-four of this code to the extent they would be otherwise.

(d) The North Fork Hughes River watershed project, proposed to enhance economic growth and development through tourism as provided in subsection (l), section two of this article and to include a water facility project as defined in subsection (n), section two of this article, is hereby specifically exempted from any requirement imposed by this article, except that the provisions of subsection (a) of this section are specifically made applicable to the project. The project is hereby specifically authorized and the public land corporation shall have and may exercise the power of eminent domain and all authority otherwise prescribed by law to acquire necessary land and rights-of-way, to include approximately four hundred seventy-eight acres, in connection with the project. Funding for the project shall be provided by the federal government from the Appalachian regional commission through the United States soil conservation service. Upon completion of the project, the property acquired shall be transferred to the state park system. The commissioner of the division of tourism and parks or the successor to the commissioner's powers and duties is directed to expand the boundaries of North Bend state park to include the project area and to operate the expanded park property, including improved recreational facilities, from funds appropriated for that purpose.

Acts 1994, 1st Ex. Sess., c. 26; Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

Public Utilities ☞ 113.

Water Law ☞ 1869.

Westlaw Topic Nos. 317A, 405.

C.J.S. Public Utilities §§ 3, 180 to 196.

C.J.S. Waters §§ 483, 498 to 504.

§ 31-15A-9. Infrastructure fund; deposits in fund; disbursements to provide loans, loan guarantees, grants and other assistance; loans, loan guarantees, grants and other assistance shall be subject to assistance agreements; West Virginia Infrastructure Lottery Revenue Debt Service Fund; use of funds for projects

(a) The Water Development Authority shall create and establish a special revolving fund of moneys made available by appropriation, grant, contribution or loan to be known as the "West Virginia Infrastructure Fund". This fund shall be governed, administered and accounted for by the directors, officers and managerial staff of the Water Development Authority as a special purpose account separate and distinct from any other moneys, funds or funds owned and managed by the Water Development Authority. The infrastructure fund shall consist of sub-accounts, as deemed necessary by the council or the Water Development Authority, for the deposit of: (1) Infrastructure revenues; (2) any appropriations, grants, gifts, contributions, loan proceeds or other revenues received by the infrastructure fund from any source, public or private; (3) amounts received as payments on any loans made by the Water Development Authority to pay for the cost of a project or infrastructure project; (4) insurance proceeds payable to the Water Development Authority or the infrastructure fund in connection with any infrastructure project or project; (5) all income earned on moneys held in the infrastructure fund; (6) all funds deposited in accordance with section four of article fifteen-b; and (7) all proceeds derived from the sale of bonds issued pursuant to article fifteen-b of this chapter.

Any money collected pursuant to this section shall be paid into the West Virginia infrastructure fund by the state agent or entity charged with the collection of the same, credited to the infrastructure fund, and used only for purposes set forth in this article or article fifteen-b.

Amounts in the infrastructure fund shall be segregated and administered by the Water Development Authority separate and apart from its other assets and programs. Amounts in the infrastructure fund may not be transferred to any other fund or account or used, other than indirectly, for the purposes of any other program of the Water Development Authority, except that the Water Development Authority may use funds in the infrastructure fund to reimburse itself for any administrative costs incurred by it and approved by the council in connection with any loan, loan guarantee, grant or other funding assistance made by the Water Development Authority pursuant to this article.

(b) Notwithstanding any provision of this code to the contrary, amounts in the infrastructure fund shall be deposited by the Water Development Authority in one or more banking institutions: *Provided*, That any moneys so deposited shall be deposited in a banking institution located in this state. The banking institution shall be selected by the Water Development Authority by competitive bid. Pending the disbursement of any money from the infrastructure fund as authorized under this section, the Water Development Authority shall invest

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and reinvest the moneys subject to the limitations set forth in article eighteen, chapter thirty-one of this code.

(c) To further accomplish the purposes and intent of this article and article fifteen-b of this chapter, the Water Development Authority may pledge infrastructure revenues and from time to time establish one or more restricted accounts within the infrastructure fund for the purpose of providing funds to guarantee loans for infrastructure projects or projects: *Provided*, That for any fiscal year the Water Development Authority may not deposit into the restricted accounts more than twenty percent of the aggregate amount of infrastructure revenues deposited into the infrastructure fund during the fiscal year. No loan guarantee shall be made pursuant to this article unless recourse under the loan guarantee is limited solely to amounts in the restricted account or accounts. No person shall have any recourse to any restricted accounts established pursuant to this subsection other than those persons to whom the loan guarantee or guarantees have been made.

(d) Each loan, loan guarantee, grant or other assistance made or provided by the Water Development Authority shall be evidenced by a loan, loan guarantee, grant or assistance agreement between the Water Development Authority and the project sponsor to which the loan, loan guarantee, grant or assistance shall be made or provided, which agreement shall include, without limitation and to the extent applicable, the following provisions:

(1) The estimated cost of the infrastructure project or project, the amount of the loan, loan guarantee or grant or the nature of the assistance, and in the case of a loan or loan guarantee, the terms of repayment and the security therefor, if any;

(2) The specific purposes for which the loan or grant proceed shall be expended or the benefits to accrue from the loan guarantee or other assistance, and the conditions and procedure for disbursing loan or grant proceeds;

(3) The duties and obligations imposed regarding the acquisition, construction, improvement or operation of the project or infrastructure project; and

(4) The agreement of the governmental agency to comply with all applicable federal and state laws, and all rules and regulations issued or imposed by the Water Development Authority or other state, federal or local bodies regarding the acquisition, construction, improvement or operation of the infrastructure project or project and granting the Water Development Authority the right to appoint a receiver for the project or infrastructure if the project sponsor should default on any terms of the agreement.

(e) Any resolution of the Water Development Authority approving loan, loan guarantee, grant or other assistance shall include a finding and determination that the requirements of this section have been met.

(f) The interest rate on any loan to governmental, quasi- governmental, or not for profit project sponsors for projects made pursuant to this article shall not exceed three percent per annum. Due to the limited availability of funds available for loans for projects, it is the public policy of this state to prioritize

funding needs to first meet the needs of governmental, quasi- governmental and not for profit project sponsors and to require that loans made to for-profit entities shall bear interest at the current market rates. Therefore, no loan may be made by the council to a for-profit entity at an interest rate which is less than the current market rate at the time of the loan agreement.

(g) The Water Development Authority shall cause an annual audit to be made by an independent certified public accountant of its books, accounts and records, with respect to the receipts, disbursements, contracts, leases, assignments, loans, grants and all other matters relating to the financial operation of the infrastructure fund, including the operating of any sub-account within the infrastructure fund. The person performing such audit shall furnish copies of the audit report to the commissioner of finance and administration, where they shall be placed on file and made available for inspection by the general public. The person performing such audit shall also furnish copies of the audit report to the Legislature's Joint Committee on Government and Finance.

(h) There is hereby created in the Water Development Authority a separate, special account which shall be designated and known as the "West Virginia Infrastructure Lottery Revenue Debt Service Fund," into which shall be deposited annually for the fiscal year beginning July 1, 2011, and each fiscal year thereafter, the first \$6 million transferred pursuant to section eighteen-d, article twenty-two, chapter twenty-nine of this code and any other funds provided therefor: *Provided*, That such deposits and transfers are not subject to the reservations of funds or requirements for distributions of funds established by sections ten and eleven of this article. Moneys in the West Virginia infrastructure lottery revenue debt service fund shall be used to pay debt service on bonds or notes issued by the Water Development Authority for watershed compliance projects as provided in section seventeen-b of this article, and to the extent not needed to pay debt service, for the design or construction of improvements for watershed compliance projects. Moneys in the West Virginia infrastructure lottery revenue debt service fund not expended at the close of the fiscal year do not lapse or revert to the General Fund but are carried forward to the next fiscal year.

Acts 1994, 1st Ex. Sess., c. 26; Acts 1995, c. 130, eff. March 10, 1995; Acts 2011, c. 179, eff. June 10, 2011.

Acts 1990, c. 2, abolished the office of commissioner of finance and administration and transferred all duties and powers to the secretary of administration. See § 5A-1-2.

Historical and Statutory Notes

Acts 2011, c. 179, in subsec. (d)(2), substituted "proceed" for "proceeds", and made non-substantive corrections throughout this section.

Library References

States ☞ 127, 128.
Water Law ☞ 1900 to 1905.
Westlaw Topic Nos. 360, 405.

C.J.S. States §§ 381 to 382, 386 to 387.
C.J.S. Waters §§ 483, 543 to 581.

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§ 31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance

(a) To further accomplish the purpose and intent of this article, the water development authority shall use the moneys in the infrastructure fund created pursuant to section nine of this article, upon receipt of one or more recommendations from the council pursuant to section five of this article, to make loans, with or without interest, loan guarantees or grants and to provide other assistance, financial, technical or otherwise, to finance all or part of the costs of infrastructure projects or projects to be undertaken by a project sponsor: Provided, That any moneys disbursed from the infrastructure fund in the form of grants shall not exceed twenty percent of the total funds available for the funding of projects. No loan, loan guarantee, grant or other assistance shall be made or provided except upon a determination by the council that the loan, loan guarantee, grant or other assistance and the manner in which it will be provided are necessary or appropriate to accomplish the purposes and intent of this article, based upon an application submitted to the council: Provided, however, That no grant shall be made to a project sponsor that is not a governmental agency or a not for profit corporation under the provisions of section 501(c) of the Internal Revenue Code of 1986, as amended. Applications for loans, loan guarantees, grants or other assistance may be submitted by a project sponsor for one or more infrastructure projects on preliminary application forms prepared by the council pursuant to section four of this article. Any recommendation of the council approving a loan, loan guarantee, grant or other assistance shall include a finding and determination by the council that the requirements of this section have been met. The council shall base any decisions to loan money for projects to project sponsors pursuant to this article solely on the need of the project sponsors.

(b) The council has the authority in its sole discretion to make grants to project sponsors if it finds that: (1) The level of rates for the users would otherwise be an unreasonable burden given the users' likely ability to pay; or (2) the absence of a sufficient number of users prevents funding of the project except through grants: Provided, That no project sponsor shall receive infrastructure grant money in an amount in excess of fifty percent of the total cost of the project. Therefore, the council may consider the economic or financial conditions of the area to be served. As a condition for receipt of a grant under this subsection, the council may require, in addition to any other conditions, that the applicant pursue other state or federal grant or loan programs. Upon a recommendation by the council, the water development authority shall provide the grant in accordance with the recommendation. The council shall develop criteria to be considered in making grants to project sponsors which shall require consideration of the economic or financial conditions of the area to be served and the availability of other funding sources. The council shall adopt procedural rules regarding the manner in which grants will be awarded in conformity with this section. The procedural rules shall be adopted pursuant to article three, chapter twenty-nine-a of this code.

(c) Notwithstanding any other provision of this article to the contrary, the council shall apply a mandatory minimum end user utility rate that must be met by the project sponsor before funding assistance may be awarded. The mandatory minimum end utility rate shall be based upon a uniform statewide percentage of the median household income in a particular geographic area and said rate shall exceed six tenths of one percent: Provided, That funding assistance made from the proceeds of any general obligation bonds and revenue bonds issued after the fifteenth day of March, one thousand nine hundred ninety-eight, after transfers required to make the state match for the water and wastewater revolving loan programs pursuant to article two, chapter twenty-two-c and article thirteen-c, chapter sixteen of this code, shall be provided by the council on a pro rata basis divided equally among the congressional districts of this state as delineated in accordance with section three, article two, chapter one of this code: Provided, however, That infrastructure projects as defined in subsection (1), section two of this article shall not be subject to pro rata distribution. When determining median household income of a geographic area of the project to be served, the council shall consider any surveys of the income of the households that will be served by the project.

(d) No loan or grant funds may be made available for a project if the project to be funded will provide subsidized services to certain users in the service area of the project.

(e) Notwithstanding any other provision of this article to the contrary, engineering studies and requirements imposed by the council for preliminary applications shall not exceed those engineering studies and requirements which are necessary for the council to determine the economic feasibility of the project. If the council determines that the engineering studies and requirements for the preapplication would impose an undue hardship on any project sponsor, the council may provide funding assistance to project sponsors to defray the expenses of the preapplication process from moneys available in the infrastructure fund for making loans: Provided, That the council may only provide funding assistance in an amount equal to five thousand dollars or fifty percent of the total preapplication cost of the project, whichever amount is greater. If the project is ultimately approved for a loan by the council, the amount of funding assistance provided to the project sponsor for the preapplication process shall be included in the total amount of the loan to be repaid by the project sponsor. If the project is not ultimately approved by the council, then the amount of funding assistance provided to the project sponsor will be considered a grant by the council and the total amount of the assistance shall be forgiven. In no event may the amount of funding assistance provided to all project sponsors exceed, in the aggregate, one hundred thousand dollars annually.

(f) The council shall report to the governor, the speaker of the House of Delegates and the president of the Senate during each regular and interim session of the Legislature, on its activities and decisions relating to distribution

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or planned distribution of grants and loans under the criteria to be developed pursuant to this article.

Acts 1994, 1st Ex. Sess., c. 26; Acts 1995, c. 130, eff. March 10, 1995; Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

States ☞127, 128.
Westlaw Topic No. 360.
C.J.S. States §§ 381 to 382, 386 to 387.

§ 31-15A-11. Reservation of funds for projects and infrastructure projects

Eighty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for the cost of projects as defined in subsection (n), section two of this article. Twenty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (l), section two of this article. Project sponsors of infrastructure projects shall follow the application process as established by this article: *Provided*, That notwithstanding any provision of this article to the contrary, all applications for any infrastructure project shall be submitted to the executive director of the West Virginia development office for review, recommendation and approval regarding infrastructure project funding.

Acts 1994, 1st Ex. Sess., c. 26; Acts 1998, c. 180, eff. 90 days after March 14, 1998; Acts 2005, 1st Ex. Sess., c. 3, eff. Jan. 29, 2005.

Historical and Statutory Notes

Acts 2005, 1st Ex. Sess., c. 3, in the last sentence, substituted "executive director of the West Virginia development office" for "council for community and economic development, or its successor".

Library References

States ☞128.
Westlaw Topic No. 360.
C.J.S. States §§ 381 to 382.

§ 31-15A-12. Additional powers of water development authority

To accomplish the purpose and intent of this article, the water development authority is hereby empowered, in addition to all other powers granted to it under this code, upon approval of the council, to (1) enter into agreements or other transactions with any federal or state agency in connection with any infrastructure project or project; (2) receive or administer on behalf of any federal or state agency grants, subsidies or other payments to be applied to the costs of any infrastructure project or project financed, in whole or in part, or otherwise assisted by the water development authority, including, but not limited to, payments to be applied to operating costs and debt service or obligations of any project sponsor; (3) receive and accept aid or contributions from any source of money, property, labor or other things of value, to be held, used and applied only for the purposes for which such grants and contributions

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are made; (4) establish and amend the criteria and qualifications for making loans, loan guarantees or grants, or providing any other assistance, for any infrastructure project or project, and the terms of any loans, loan guarantee, grant or assistance agreement for any project; and (5) do all things which are necessary to further the purposes and intent of this article.

Acts 1994, 1st Ex. Sess., c. 26.

Library References

Water Law ☞1898.
Westlaw Topic No. 405.
C.J.S. Waters §§ 483, 543 to 581.

§ 31-15A-13. Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions

No part of the infrastructure fund or the West Virginia infrastructure revenue debt service fund shall inure to the benefit of or be distributable to the water development board directors or officers of the water development authority except that the water development authority is authorized and empowered to pay reasonable compensation, other than to members of the water development board, including the chairman, vice chairman, secretary-treasurer for services rendered and to make loans and exercise its other powers as previously specified in furtherance of its corporate purpose: Provided, That no loans shall be made, and no property shall be purchased or leased from, or sold, leased or otherwise disposed of, to any water development board member or officer of the water development authority.

Acts 1994, 1st Ex. Sess., c. 26; Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

Water Law ☞1897.
Westlaw Topic No. 405.
C.J.S. Waters §§ 483, 543 to 581.

§ 31-15A-14. Termination or dissolution

Upon the termination or dissolution of the water development authority, all rights and properties of the water development authority with respect to the infrastructure fund shall pass to and be vested in the state, subject to the rights of lienholders and other creditors.

Acts 1994, 1st Ex. Sess., c. 26.

Library References

Water Law ☞1861.
Westlaw Topic No. 405.
C.J.S. Waters §§ 483 to 484.

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§ 31-15A-15. Projects not to be considered public improvements; competitive bid requirements

(a) No project or infrastructure project acquired, constructed, maintained or financed, in whole or in part, by the water development authority shall be considered to be a "public improvement" within the meaning of the provisions of article five-a, chapter twenty-one of this code as a result of the financing.

(b) The state and its subdivisions shall, except as provided in subsection (c) of this section, solicit competitive bids and require the payment of prevailing wage rates as provided in article five-a, chapter twenty-one of this code for every project or infrastructure project funded pursuant to this article exceeding twenty-five thousand dollars in total cost.

Following the solicitation of the bids, the construction contract shall be awarded to the lowest qualified responsible bidder, who shall furnish a sufficient performance and payment bond: Provided, That the state and its subdivisions may reject all bids and solicit new bids on the project.

(c) This section does not:

(1) Apply to work performed on construction or repair projects not exceeding a total cost of fifty thousand dollars by regular full-time employees of the state or its subdivisions: Provided, That no more than fifty thousand dollars shall be expended on an individual project in a single location in a twelve-month period;

(2) Prevent students enrolled in vocational educational schools from being used in the construction or repair projects when such use is a part of the students' training program;

(3) Apply to emergency repairs to building components and systems: Provided, That the term "emergency repairs" means repairs that, if not made immediately, will seriously impair the use of the building components and systems or cause danger to those persons using the building components and systems; or

(4) Apply to any situation where the state or a subdivision of the state comes to an agreement with volunteers, or a volunteer group, by which the governmental body will provide construction or repair materials, architectural, engineering, technical or any other professional services and the volunteers will provide the necessary labor without charge to, or liability upon, the governmental body: Provided, That the total cost of the construction or repair projects does not exceed fifty thousand dollars.

(d) The provisions of subsection (b) of this section do not apply to privately owned projects or infrastructure projects constructed on lands not owned by the state or a subdivision of the state.

Acts 1994, 1st Ex. Sess., c. 26; Acts 2001, c. 45, eff. 90 days after April 14, 2001.

Historical and Statutory Notes

Acts 2001, c. 45 rewrote this section which as enacted provided: "(a) No project or infrastructure project acquired, constructed, maintained or financed in

whole or in part by the water development authority shall be considered to be a "public improvement" within the meaning of the provisions of article five-a, chapter twenty-one of this code, as a result of such financing.

"(b) The state and its subdivisions shall, except as provided in this subsection, solicit competitive bids and require the payment of prevailing wage rates as provided in article five-a, chapter twenty-one of this code for every project or infrastructure project funded pursuant to this article exceeding twenty-five thousand dollars in total cost. Following the solicitation of the bids, the construction contract shall be awarded to the lowest qualified responsible bidder, who shall furnish a sufficient performance and payment bond: Provided, That the state and its subdivisions may reject all bids and solicit new bids on the project. Nothing in this subsection applies to work performed on construction or repair projects not exceeding a total cost of twenty-five thousand dollars by regular full-time employees of the state or its subdivisions, nor shall anything in this subsection prevent students enrolled in vocational educational schools from being utilized in the construction or repair

projects when such use is a part of the students' training program. Nothing in this subsection applies to emergency repairs to building components and systems: Provided, however, That the term "emergency repairs" means repairs that if not made immediately will seriously impair the use of the building components and systems or cause danger to those persons using the building components and systems. This subsection shall not apply to any situation where the state or a subdivision thereof comes to an agreement with volunteers, or a volunteer group, whereby the governmental body will provide construction or repair materials, architectural, engineering, technical or any other professional services and the volunteers will provide the necessary labor without charge to, or liability upon, the governmental body: Provided further, That the total cost of the construction or repair projects does not exceed twenty-five thousand dollars.

"(c) The provisions of subsection (b) of this section shall not apply to privately owned projects or infrastructure projects constructed on lands not owned by the state or a subdivision of the state."

Library References

States Ⓒ86, 98.2.
Westlaw Topic No. 360.
C.J.S. States § 261.

§ 31-15A-16. Dedication of severance tax proceeds

(a) There shall be dedicated an annual amount from the collections of the tax collected pursuant to article thirteen-a, chapter eleven of this code for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development in this state as provided in this article.

(b) Notwithstanding any other provision of this code to the contrary, beginning on July 1, 1995, the first \$16 million of the tax collected pursuant to article thirteen-a, chapter eleven of this code shall be deposited to the credit of the West Virginia Infrastructure General Obligation Debt Service Fund created pursuant to section three, article fifteen-b of this chapter: *Provided*, That beginning on July 1, 1998, the first \$24 million of the tax annually collected pursuant to article thirteen-a of this code shall be deposited to the credit of the West Virginia Infrastructure General Obligation Debt Service Fund created pursuant to section three, article fifteen-b of this chapter.

(c) Notwithstanding any provision of subsection (b) of this section to the contrary: (1) None of the collections from the tax imposed pursuant to section six, article thirteen-a, chapter eleven of this code shall be so dedicated or deposited; and (2) the portion of the tax imposed by article thirteen-a, chapter eleven and dedicated for purposes of Medicaid and the Division of Forestry

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pursuant to section twenty-a of said article thirteen-a shall remain dedicated for the purposes set forth in that section twenty-a.

(d) On or before May 1 of each year, commencing May 1, 1995, the council, by resolution, shall certify to the Treasurer and the Water Development Authority the principal and interest coverage ratio and amount for the following fiscal year on any infrastructure general obligation bonds issued pursuant to the provisions of article fifteen-b of this chapter.

Acts 1994, 1st Ex. Sess., c. 26; Acts 1995, c. 130, eff. March 10, 1995; Acts 1998, c. 180, eff. 90 days after March 14, 1998; Acts 2008, c. 213, eff. June 7, 2008; Acts 2011, c. 164, eff. April 7, 2011.

Historical and Statutory Notes

Acts 2008, c. 213, added subsec. (e).

Acts 2011, c. 164, deleted subsec. (e), and made nonsubstantive corrections throughout the section. Prior to deletion, subsec. (e) read:

"(e) Notwithstanding any provision of this article to the contrary, the tax on coalbed methane remitted by the Tax Commissioner for deposit in the West Virginia Infrastructure Fund pursuant to section twenty-a, article thirteen-a, chapter eleven of this code shall be distributed as follows: (1) Seventy-five percent of the moneys so deposited shall be distributed for infrastructure projects in the various counties of this

state in which the coalbed methane was produced, and (2) the remaining twenty-five percent of the moneys so deposited shall be distributed equally to the various counties of this state in which no coalbed methane was produced for infrastructure projects. Moneys shall be distributed to each coalbed methane producing county in direct proportion to the amount of tax paid by the county using information provided by the Tax Commissioner as required in section twenty-a, article thirteen-a, chapter eleven of this code."

Library References

States ☞127.

Westlaw Topic No. 360.

C.J.S. States §§ 386 to 387.

§ 31-15A-17. Water development authority empowered to issue infrastructure revenue bonds and refunding bonds; creation of infrastructure revenue debt service fund; funding of infrastructure revenue debt service fund; requirements and manner of such issuance

(a) To accomplish the purpose and intent of this article, the water development authority is hereby empowered at the written request of the council to issue from time to time infrastructure revenue bonds of the state in such principal amounts as the council deems necessary to make loans and loan guarantees and other forms of financial assistance to project sponsors for one or more projects or infrastructure projects: Provided, That the water development authority may not issue any such bonds, other than refunding bonds, unless the council by resolution determines that the aggregate cost of the projects or infrastructure projects expected to be constructed during any annual period exceeds (1) the projected annual infrastructure revenues for the same period, and (2) the principal and interest payments not otherwise pledged to the infrastructure revenue debt service fund that are due the water development authority on all outstanding loans previously made by the water development authority pursuant to the provisions of this article.

(b) The proceeds of infrastructure revenue bonds shall be used solely for the purpose of making loans and loan guarantees and other forms of financial assistance to sponsors of one or more projects or infrastructure projects, and shall be deposited in one or more special accounts with the trustee under the trust agreement securing such bonds and disbursed from time to time for projects or infrastructure projects in accordance with this article: Provided, That notwithstanding any provision of this code to the contrary, twenty percent of the funds deposited in the special account shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (l), section two, of this article.

(c) The water development authority may not authorize the disbursement of any proceeds of infrastructure revenue bonds unless it has received documentation from the council pursuant to the provisions of section ten of this article.

(d) There is hereby created in the water development authority a special fund which shall be designated and known as the "West Virginia Infrastructure Revenue Debt Service Fund," into which shall be transferred solely from the loan repayments deposited in the infrastructure fund the amounts certified by the director of the water development authority as necessary to pay the principal, premium, if any, and interest on infrastructure revenue bonds and any reserve requirements, subject to the terms of any agreement with the holders of the infrastructure revenue bonds. All amounts deposited in the West Virginia infrastructure revenue debt service fund shall be pledged to the repayment of the principal, interest and redemption premium, if any, on any infrastructure revenue bonds authorized by this article: Provided, That amounts on deposit in the fund may be used to establish or maintain reserves created for the purposes of securing such infrastructure revenue bonds. The pledge shall be valid and binding from the time the pledge is made, and the West Virginia infrastructure revenue debt service fund so pledged shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the water development authority irrespective of whether the parties have notice thereof.

(e) Except as may otherwise be expressly provided in this article or by resolution of the water development authority, every issue of infrastructure revenue bonds shall be special obligations of the water development authority payable solely from amounts in the West Virginia infrastructure revenue debt service fund, and the reserves created for this purpose by the water development authority, without preference or priority among the bonds regardless of when issued, subject only to any agreements with the holders of any bonds to the contrary. All such bonds are hereby declared to be negotiable instruments.

(f) Infrastructure revenue bonds shall be authorized by resolution of the water development authority. These bonds shall bear such dates and shall mature at such times, in case of any note or renewal thereof not exceeding five years from the date of issue of the original note, and in the case of any bond not exceeding fifty years from the date of issue, as the resolution may provide.

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Infrastructure revenue bonds shall bear interest at a rate or rates, including variable rates, shall be taxable or tax-exempt, shall be in the denominations, shall be in registered form, shall carry the registration privileges, shall be payable in the medium and place of payment, and shall be subject to the terms of redemption as the water development authority may authorize. Infrastructure revenue bonds may be sold by the water development authority at public or private sale at the price the water development authority determines in consultation with the council. Infrastructure revenue bonds shall be executed by the chairman and the vice chairman of the water development authority, either or both of whom may use a facsimile signature. The official seal of the water development authority or a facsimile thereof shall be affixed thereto or printed thereon and attested by manual or facsimile signature by the secretary-treasurer of the water development authority. If any officer whose signature, or a facsimile of whose signature appears on any infrastructure revenue bond ceases to be such officer before delivery of such bond, such signature or facsimile is nevertheless sufficient for all purposes to the same extent as if he or she had remained in office until such delivery, and if the seal of the water development authority has been changed after a facsimile has been imprinted on such bond, the facsimile will continue to be sufficient for all purposes.

(g) Any resolution authorizing any infrastructure revenue bonds may contain provisions, subject to any agreement with bondholders or noteholders which may then exist, which agreements shall be part of the contract with the holder thereof, with respect to the pledge of or other use and disposition of amounts in the infrastructure revenue debt service fund; the setting aside of reserve funds; the disposition of any assets of the water development authority; limitations on the purpose to which the proceeds of sale of bonds may be applied; the authorization of notes issued in anticipation of the issuance of bonds; an agreement of the water development authority to do all things necessary for the authorization, issuance and sale of such bonds in such amounts as may be necessary for the timely retirement of such notes; limitations on the issuance of additional bonds; the terms upon which additional bonds may be issued and secured; the refunding of outstanding bonds and the renewal of outstanding notes; the procedures, if any, by which the terms of any contract with bondholders or noteholders may be amended or abrogated; the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given; and any other matter which in any way affects the security for or protection of the bonds.

(h) In the event that the sum of all reserves pledged to the payment of the bonds is less than the minimum reserve requirements established in any resolution or resolutions authorizing the issuance of the bonds, the chairman or the director of the water development authority shall certify, on or before the first day of December of each year, the amount of such deficiency to the governor of the state for inclusion, if the governor shall so elect, of the amount of such deficiency in the budget to be submitted to the next session of the Legislature for appropriation to the water development authority to be pledged for payment of such bonds: Provided, That the Legislature shall not be required

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to make any appropriations so requested, and the amount of such deficiencies shall not constitute a debt or liability of the state.

(i) Neither the officers or board members of the water development authority, nor any person executing the infrastructure revenue bonds, shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

States \S 147 to 156.
Westlaw Topic No. 360.

C.J.S. States $\S\S$ 437 to 438, 441 to 447, 449 to 453.

§ 31-15A-17a. Infrastructure revenue bonds payable from A. James Manchin Fund

Notwithstanding any other provision of this code to the contrary, the Water Development Authority may issue, in accordance with the provisions of section seventeen of this article, infrastructure revenue bonds payable from the A. James Manchin Fund created by section nine, article fifteen-a, chapter twenty-two of this code and such other sources as may be legally pledged for such purposes other than the West Virginia Infrastructure Revenue Debt Service Fund created by section seventeen of this article.

Acts 2003, c. 251, eff. 90 days after March 8, 2003; Acts 2005, c. 199, eff. 90 days after April 9, 2005.

Library References

States \S 127.
Westlaw Topic No. 360.
C.J.S. States $\S\S$ 386 to 387.

§ 31-15A-17b. Infrastructure lottery revenue bonds for watershed compliance projects

(a)(1) The Chesapeake Bay has been identified as an impaired water body due to excessive nutrients entering the Bay from various sources in six states, including wastewater facilities in West Virginia. To restore the Chesapeake Bay, the states have agreed to reduce their respective nutrient contributions to the Chesapeake Bay.

(2) The Greenbrier River Watershed in southeastern West Virginia which encompasses approximately 1,646 square miles, the majority of which lies within Pocahontas, Greenbrier, Monroe and Summers counties, has been identified as an impaired water body due to excessive levels of fecal coliform and phosphorus entering the Watershed from various sources, including wastewater facilities in West Virginia. To restore the Greenbrier River Watershed, the state agrees to reduce the fecal coliform and phosphorus contributions to the Greenbrier River Watershed.

(b) Notwithstanding any other provision of this code to the contrary, the Water Development Authority may issue, in accordance with the provisions of

INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL § 31-15A-17b

section seventeen of this article, infrastructure lottery revenue bonds payable from the West Virginia infrastructure lottery revenue debt service fund created by section nine of this article and such other sources as may be legally pledged for such purposes other than the West Virginia infrastructure revenue debt service fund created by section seventeen of this article.

(c) The council shall direct the Water Development Authority to issue bonds in one or more series when it has approved Chesapeake Bay watershed compliance projects and Greenbrier River watershed compliance projects with an authorized permitted flow of four hundred thousand gallons per day or more. The proceeds of the bonds shall be used solely to pay costs of issuance, fund a debt service reserve account, capitalize interest, pay for security instruments necessary to market the bonds and to make grants to governmental instrumentalities of the state for the construction of approved Chesapeake Bay watershed compliance projects and Greenbrier River watershed compliance projects. To the extent funds are available in the West Virginia Infrastructure Lottery Revenue Debt Service Fund that are not needed for debt service, the council may direct the Water Development Authority to make grants to project sponsors for the design or construction of approved Chesapeake Bay watershed compliance projects and Greenbrier River watershed compliance projects.

(d) No later than June 30, 2012, each publicly owned facility with an authorized permitted flow of 400,000 gallons per day or more that is subject to meeting Chesapeake Bay compliance standards or Greenbrier River watershed compliance standards shall submit to the council a ten year projected capital funding plan for Chesapeake Bay watershed compliance projects or Greenbrier River watershed compliance projects, as the case may be, including a general project description, cost estimate and estimated or actual project start date and project completion date, if any. The council shall timely review the submitted capital funding plans and forward approved plans to the Water Development Authority for further processing and implementation pursuant to this article. If the council finds a plan to be incomplete, inadequate or otherwise problematic, it shall return the plan to the applicant with comment on the plan shortcomings. The applicant may then resubmit to council an amended capital funding plan for further consideration pursuant to the terms of this subsection.

(e) Upon approval, each proposed Chesapeake Bay watershed compliance project or Greenbrier River watershed compliance project, or portion of a larger project, which portion is dedicated to compliance with nutrient standards, or fecal coliform and phosphorus standards, established for the protection and restoration of the Chesapeake Bay or the Greenbrier River Watershed, as the case may be, shall be eligible for grant funding by funds generated by the infrastructure lottery revenue bonds described in section (b) of this section. At the request of the applicant, the remaining percentage of project funding not otherwise funded by grant under the provisions of this article may be reviewed as a standard project funding application.

(f) No later than December 1, 2012, the Water Development Authority shall report to the Joint Committee on Government and Finance the total cost of Chesapeake Bay watershed compliance projects and the Greenbrier River

watershed compliance projects and the proposed grant awards for each eligible project. Grant awards shall be of equal ratio among all applicants of the total cost of each eligible project.

(g) Eligible projects that have obtained project financing prior to December 31, 2011 may apply to the council for funding under the provisions of this section. These applications shall be processed and considered as all other eligible projects, and any grant funding awarded shall, to the extent allowed by law, be dedicated to prepay all or a portion of debt previously incurred by governmental instrumentalities of the state for required Chesapeake Bay nutrient removal projects or Greenbrier River watershed fecal coliform and phosphorus removal projects, subject to the bond covenants and contractual obligations of the borrowing governmental entity. However, any private portion of funding provided by agreement between a political subdivision and one or more private entities, either by direct capital investment or debt service obligation, shall not be eligible for grant funding under the provisions of this article.

Acts 2011, c. 179, eff. June 10, 2011.

Library References

States ⇨147.

Water Law ⇨1873.

Westlaw Topic Nos. 360, 405.

C.J.S. States §§ 437, 443 to 445.

C.J.S. Waters §§ 483, 498 to 504.

§ 31-15A-18. Trustee for holders of infrastructure revenue bonds; contents of trust agreement

(a) Any infrastructure revenue bonds issued by the water development authority under this article shall be secured by a trust agreement between the water development authority and a corporate trustee, which trustee may be any trust company or banking institution having the powers of a trust company within this state.

(b) Any trust agreement may pledge or assign the infrastructure revenue debt service fund. Any trust agreement or any resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as are reasonable and proper and not in violation of law, including the provisions contained in section seventeen of this article, and covenants setting forth the duties of the water development authority in respect to the payment of the principal of and interest, charges and fees on loans made to, or bond purchases from, governmental agencies from the proceeds of the bonds, and the custody, safeguarding and application of all moneys. Any banking institution or trust company incorporated under the laws of this state which may act as depository of the proceeds of bonds or of the infrastructure debt service fund shall furnish such indemnifying bonds or pledge securities as are required by the water development authority. The trust agreement may set forth the rights and remedies of the bondholders and noteholders and of the trustee and may restrict individual rights of action by bondholders and noteholders as customarily provided in trust agreements or trust indentures securing similar bonds and notes. The

INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL § 31-15A-21

trust agreement may contain such other provisions as the water development authority deems reasonable and proper for the security of the bondholders or noteholders. All expenses incurred in carrying out the provisions of any such trust agreement may be treated as part of the cost of the construction, renovation, repair, improvement or acquisition of a project or infrastructure project.

Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

States ⇨147.

Westlaw Topic No. 360.

C.J.S. States §§ 437, 443 to 445.

§ 31-15A-19. Legal remedies of infrastructure revenue bondholders or noteholders and trustees

Any holder of infrastructure revenue bonds issued pursuant to this article and the trustee under any trust agreement, except to the extent the rights given by this article may be restricted by the applicable resolution or trust agreement, may by civil action, mandamus or other proceedings protect and enforce any rights granted under the laws of this state or granted under this article, by the trust agreement or by the resolution in the issuance of the bonds, and may enforce and compel the performance of all duties required by this article, pursuant to the trust agreement or resolution, to be performed by the water development authority or any officer thereof.

Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

States ⇨164.

Westlaw Topic No. 360.

§ 31-15A-20. Infrastructure revenue bonds lawful investments

All infrastructure revenue bonds issued pursuant to this article shall be lawful investments for banking institutions, societies for savings, building and loan associations, savings and loan associations, deposit guarantee associations, trust companies, and insurance companies, including domestic for life and domestic not for life insurance companies.

Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

States ⇨147.

Westlaw Topic No. 360.

C.J.S. States §§ 437, 443 to 445.

§ 31-15A-21. Purchase and cancellation of infrastructure revenue bonds

(a) The water development authority, subject to such agreements with noteholders or bondholders as may then exist, shall have the power, from any funds available therefor, to purchase or redeem infrastructure revenue bonds of the water development authority.

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(b) If the infrastructure revenue bonds are then redeemable, the price of the purchase shall not exceed the redemption price then applicable, plus accrued interest to the next interest payment date thereon. If the infrastructure revenue bonds are not then redeemable, the price of the purchase shall not exceed the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption, plus accrued interest to such date. Upon purchase or redemption, the bonds shall be canceled.

Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

States Ⓒ153.
Westlaw Topic No. 360.
C.J.S. States §§ 451 to 453.

§ 31-15A-22. Refunding revenue bonds

Any infrastructure revenue bonds issued pursuant to the provisions of this article and at any time outstanding may at any time and from time to time be refunded by the water development authority by the issuance of its refunding revenue bonds in an amount it deems necessary to refund the principal of the bonds to be refunded, together with any unpaid interest thereon, to provide additional funds for the water development authority to accomplish the purpose of this article, and to pay any premiums and commissions necessary to be paid in connection therewith. Any refunding may be effected whether the infrastructure revenue bonds to be refunded shall have then matured or shall thereafter mature: Provided, That the holders of any infrastructure revenue bonds so to be refunded shall not be compelled without their consent to surrender their infrastructure revenue bonds for payment or exchange prior to the date on which they are payable or, if they are called for redemption, prior to the date on which they are by their terms subject to redemption. Any refunding revenue bonds issued pursuant to this article shall be payable from the West Virginia infrastructure revenue debt service fund, and shall be subject to the provisions contained in section seventeen of this article, and shall be secured in accordance with the provisions of sections seventeen and eighteen of this article.

Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

States Ⓒ166.
Westlaw Topic No. 360.
C.J.S. States § 448.

§ 31-15A-23. Infrastructure revenue bonds not debt of state, county, municipality or any political subdivision

Infrastructure revenue bonds issued pursuant to the provisions of this article shall not constitute a debt or a pledge of the faith and credit or taxing power of this state or of any county, municipality or any other political subdivision of this state. The holders or owners thereof shall have no right to have taxes

INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL § 31-15A-24

levied by the Legislature or the taxing authority of any county, municipality or any other political subdivision of this state for the payment of the principal thereof or interest thereon. The bonds shall be payable solely from the revenues and funds pledged for their payment as authorized by this article. All such bonds shall contain on the face thereof a statement to the effect that the bonds, as to both principal and interest, are not debts of the state or any county, municipality or political subdivision thereof, but are payable solely from revenues and funds pledged for their payment.

Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

States ¶168.5.
Westlaw Topic No. 360.
C.J.S. States §§ 456 to 466.

§ 31-15A-24. Infrastructure revenue bonds exempt from taxation

The exercise of the powers granted to the water development authority by this article will be in all respects for the benefit of the people of the state, for the improvement of their health, safety, convenience and welfare and for the enhancement of their residential, agricultural, recreational, economic, commercial and industrial opportunities and is for a public purpose. As the construction, acquisition, repair or renovation of projects or infrastructure projects will constitute the performance of essential governmental functions, the water development authority shall not be required to pay any taxes or assessments upon any project or upon any property acquired or used by the water development authority or upon the income therefrom. The infrastructure revenue bonds and all interest and income thereon shall be exempt from all taxation by this state, or any county, municipality, political subdivision or agency thereof, except estate taxes.

Acts 1998, c. 180, eff. 90 days after March 14, 1998.

Library References

Taxation ¶2315.
Westlaw Topic No. 371.
C.J.S. Taxation §§ 300 to 309, 324.

West's
**Annotated Code
of West Virginia**



*Using the Classification and
Numbering System of the
1931 Code of West Virginia,
as Amended*

Chapter 30
Arts. 27 to End
to
Chapter 31

**2013
Cumulative Annual Pocket Part**

Replacing 2012 Pocket Part supplementing 2012 Main Volume

Includes laws through the 2013 First Extraordinary Session



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this section. The Governor shall consult with the Division of Natural Resources prior to certifying a revised list of capital improvement projects to the authority.

(c) Except as may otherwise be expressly provided by the authority, every issue of its notes or bonds shall be special obligations of the authority, payable solely from the property, revenues or other sources of or available to the authority pledged therefor.

(d) The bonds and the notes shall be authorized by the authority pursuant to this section, and shall be secured, be in such denominations, may bear interest at such rate or rates, taxable or tax-exempt, be in such form, either coupon or registered, carry such registration privileges, be payable in such medium of payment and at such place or places and such time or times and be subject to such terms of redemption as the authority may authorize. The bonds and notes of the authority may be sold by the authority, at public or private sale, at or not less than the price the authority determines. The bonds and notes shall be executed by manual or facsimile signature by the chairman of the board, and the official seal of the authority or a facsimile thereof shall be affixed to or printed on each bond and note and attested, manually or by facsimile signature, by the secretary of the board, and any coupons attached to any bond or note shall bear the manual or facsimile signature of the chairman of the board. In case any officer whose signature, or a facsimile of whose signature, appears on any bonds, notes or coupons ceases to be such officer before delivery of such bonds or notes, such signature or facsimile is nevertheless sufficient for all purposes the same as if he or she had remained in office until such delivery; and, in case the seal of the authority has been changed after a facsimile has been imprinted on such bonds or notes, such facsimile seal will continue to be sufficient for all purposes.

Acts 2012, c. 175, eff. June 7, 2012.

ARTICLE 15A

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

Section		Section	
31-15A-16.	Dedication of severance tax proceeds.	31-15A-17b.	Infrastructure lottery revenue bonds for watershed compliance projects.

§ 31-15A-16. Dedication of severance tax proceeds

(a) There shall be dedicated an annual amount from the collections of the tax collected pursuant to article thirteen-a, chapter eleven of this code for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development in this state as provided in this article.

(b) Notwithstanding any other provision of this code to the contrary, beginning on July 1, 1995, the first \$16 million of the tax collected pursuant to article thirteen-a, chapter eleven of this code shall be deposited to the credit of the West Virginia Infrastructure General Obligation Debt Service Fund created pursuant to section three, article fifteen-b of this chapter: *Provided*, That beginning on July 1, 1998, the first \$24 million of the tax annually collected pursuant to article thirteen-a of this code shall be deposited to the credit of the West Virginia Infrastructure General Obligation Debt Service Fund created pursuant to section three, article fifteen-b of this chapter: *Provided, however*, That subject to the conditions, limitations, exclusions and constraints prescribed by subsection (c) of this section, beginning on July 1, 2013, the amount deposited under this subsection to the credit of the West Virginia Infrastructure General Obligation Debt Service Fund created pursuant to section three, article fifteen-b of this chapter shall be the first \$23 million of the tax annually collected pursuant to article thirteen-a, chapter eleven of this code.

(c) Notwithstanding any provision of subsection (b) of this section to the contrary: (1) None of the collections from the tax imposed pursuant to section six, article thirteen-a, chapter eleven of this code shall be so dedicated or deposited; and (2) the portion of the tax

imposed by article thirteen-a, chapter eleven and dedicated for purposes of Medicaid and the Division of Forestry pursuant to section twenty-a of said article thirteen-a shall remain dedicated for the purposes set forth in that section twenty-a.

(d) On or before May 1 of each year, commencing May 1, 1995, the council, by resolution, shall certify to the Treasurer and the Water Development Authority the principal and interest coverage ratio and amount for the following fiscal year on any infrastructure general obligation bonds issued pursuant to the provisions of article fifteen-b of this chapter. Acts 1994, 1st Ex. Sess., c. 26; Acts 1995, c. 130, eff. March 10, 1995; Acts 1998, c. 180, eff. 90 days after March 14, 1998; Acts 2008, c. 213, eff. June 7, 2008; Acts 2011, c. 164, eff. April 7, 2011; Acts 2013, c. 196, eff. April 12, 2013.

Historical and Statutory Notes

Acts 2013, c. 196, rewrote this section, which formerly read:

"(a) There shall be dedicated an annual amount from the collections of the tax collected pursuant to article thirteen-a, chapter eleven of this code for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development in this state as provided in this article.

"(b) Notwithstanding any other provision of this code to the contrary, beginning on July 1, 1995, the first \$16 million of the tax collected pursuant to article thirteen-a, chapter eleven of this code shall be deposited to the credit of the West Virginia Infrastructure General Obligation Debt Service Fund created pursuant to section three, article fifteen-b of this chapter: *Provided*, That beginning on July 1, 1998, the first \$24 million of the tax annually collected pursuant to article thirteen-a of this code shall be deposited to the credit of the

West Virginia Infrastructure General Obligation Debt Service Fund created pursuant to section three, article fifteen-b of this chapter.

"(c) Notwithstanding any provision of subsection (b) of this section to the contrary: (1) None of the collections from the tax imposed pursuant to section six, article thirteen-a, chapter eleven, of this code shall be so dedicated or deposited; and (2) the portion of the tax imposed by article thirteen-a, chapter eleven and dedicated for purposes of Medicaid and the Division of Forestry pursuant to section twenty-a of said article thirteen-a shall remain dedicated for the purposes set forth in that section twenty-a.

"(d) On or before May 1 of each year, commencing May 1, 1995, the council, by resolution, shall certify to the Treasurer and the Water Development Authority the principal and interest coverage ratio and amount for the following fiscal year on any infrastructure general obligation bonds issued pursuant to the provisions of article fifteen-b of this chapter."

§ 31-15A-17b. Infrastructure lottery revenue bonds for watershed compliance projects

(a)(1) The Chesapeake Bay has been identified as an impaired water body due to excessive nutrients entering the bay from various sources in six states, including wastewater facilities in West Virginia. To restore the Chesapeake Bay, the states have agreed to reduce their respective nutrient contributions to the Chesapeake Bay.

(2) The Greenbrier River Watershed in southeastern West Virginia which encompasses approximately 1,646 square miles, the majority of which lies within Pocahontas, Greenbrier, Monroe and Summers counties, has been identified as an impaired water body due to excessive levels of fecal coliform and phosphorus entering the watershed from various sources, including wastewater facilities in West Virginia. To restore the Greenbrier River Watershed, the state agrees to reduce the fecal coliform and phosphorus contributions to the Greenbrier River Watershed.

(b) Notwithstanding any other provision of this code to the contrary, the Water Development Authority may issue, in accordance with the provisions of section seventeen of this article, infrastructure lottery revenue bonds payable from the West Virginia Infrastructure Lottery Revenue Debt Service Fund created by section nine of this article and such other sources as may be legally pledged for such purposes other than the West Virginia Infrastructure Revenue Debt Service Fund created by section seventeen of this article.

(c) The council shall direct the Water Development Authority to issue bonds in one or more series when it has approved Chesapeake Bay watershed compliance projects and Greenbrier River watershed compliance projects with an authorized permitted flow of four hundred thousand gallons per day or more. The proceeds of the bonds shall be used solely to pay

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costs of issuance, fund a debt service reserve account, capitalize interest, pay for security instruments necessary to market the bonds and to make grants to governmental instrumentalities of the state for the construction of approved Chesapeake Bay watershed compliance projects and Greenbrier River watershed compliance projects. To the extent funds are available in the West Virginia Infrastructure Lottery Revenue Debt Service Fund that are not needed for debt service, the council may direct the Water Development Authority to make grants to project sponsors for the design or construction of approved Chesapeake Bay watershed compliance projects and Greenbrier River watershed compliance projects: *Provided*, That the council shall direct the Water Development Authority to provide from moneys in the Lottery Revenue Debt Service Fund not needed to pay debt service in fiscal year 2013 a grant of \$6 million to a Chesapeake Bay watershed compliance project which opened bids on December 28, 2011, and further provided that such Chesapeake Bay watershed compliance project shall receive no further grant funding under this section after receipt of the \$6 million grant.

(d) No later than June 30, 2012, each publicly owned facility with an authorized permitted flow of four hundred thousand gallons per day or more that is subject to meeting Chesapeake Bay compliance standards or Greenbrier River watershed compliance standards shall submit to the council a ten-year projected capital funding plan for Chesapeake Bay watershed compliance projects or Greenbrier River watershed compliance projects, as the case may be, including a general project description, cost estimate and estimated or actual project start date and project completion date, if any. The council shall timely review the submitted capital funding plans and forward approved plans to the Water Development Authority for further processing and implementation pursuant to this article. If the council finds a plan to be incomplete, inadequate or otherwise problematic, it shall return the plan to the applicant with comment on the plan shortcomings. The applicant may then resubmit to council an amended capital funding plan for further consideration pursuant to the terms of this subsection.

(e) Upon approval, each proposed Chesapeake Bay watershed compliance project or Greenbrier River watershed compliance project, or portion of a larger project, which portion is dedicated to compliance with nutrient standards, or fecal coliform and phosphorus standards, established for the protection and restoration of the Chesapeake Bay or the Greenbrier River watershed, as the case may be, shall be eligible for grant funding by funds generated by the infrastructure lottery revenue bonds described in subsection (b) of this section. At the request of the applicant, the remaining percentage of project funding not otherwise funded by grant under the provisions of this article may be reviewed as a standard project funding application.

(f) No later than December 1, 2012, the Water Development Authority shall report to the Joint Committee on Government and Finance the total cost of Chesapeake Bay watershed compliance projects and the Greenbrier River watershed compliance projects and the proposed grant awards for each eligible project. From the proceeds of bonds issued under subsection (b) of this section, the council shall direct the Water Development Authority to make grants to eligible projects ready to proceed to construction and those grant awards shall be pro rated to an equal percentage of total eligible costs among all applicants for each eligible project as certified by the Water Development Authority in its report to the Joint Committee on Government and Finance dated November 28, 2012: *Provided*, That the final project, and its financing, is consistent with the scope of the eligible project included in the council's approval on December 5, 2012.

(g) Eligible projects that have obtained project financing prior to December 31, 2012, may apply to the council for funding under the provisions of this section. These applications shall be processed and considered as all other eligible projects, and a grant funding awarded shall, to the extent allowed by law, be dedicated to prepay all or a portion of debt previously incurred by governmental instrumentalities of the state for required Chesapeake Bay nutrient removal projects or Greenbrier River watershed fecal coliform and phosphorus removal projects, subject to the bond covenants and contractual obligations of the borrowing governmental entity. However, any private portion of funding provided by agreement between a political subdivision and one or more private entities, either by direct capital investment or

debt service obligation, shall not be eligible for grant funding under the provisions of this article.

Acts 2011, c. 179, eff. June 10, 2011; Acts 2012, c. 23, eff. March 9, 2012; Acts 2013, c. 206, eff. April 13, 2013.

Historical and Statutory Notes

Acts 2012, c. 23, in subsec. (g), extended the grant funding application date for Chesapeake Bay watershed compliance projects from December 31, 2011 to December 31, 2012.

Acts 2013, c. 206, rewrote subsec. (f), which formerly read:

"(f) No later than December 1, 2012, the Water Development Authority shall report to the Joint

Committee on Government and Finance the total cost of Chesapeake Bay watershed compliance projects and the Greenbrier River watershed compliance projects and the proposed grant awards for each eligible project. Grant awards shall be of equal ratio among all applicants of the total cost of each eligible project."

ARTICLE 15C

BROADBAND DEPLOYMENT

Section

- 31-15C-2. Definitions.
- 31-15C-3. Broadband Deployment Council established; members of council; administrative support.
- 31-15C-4. Powers and duties of the council generally.
- 31-15C-8. Stimulation of demand through public outreach and education.

Section

- 31-15C-9. Development of guidelines and application for funding assistance; emergency rule-making authority.
- 31-15C-10. Requirements for project funding assistance; review of project application by council; competitive applications.

§ 31-15C-2. Definitions

For the purposes of this article:

(1) "Broadband" or "broadband service" means any service providing advanced telecommunications capability with the same downstream data rate and upstream data rate as is specified by the Federal Communications Commission and that does not require the end-user to dial up a connection that has the capacity to always be on, and for which the transmission speeds are based on regular available bandwidth rates, not sporadic or burstable rates, with latency suitable for real-time applications and services such as VoIP and video conferencing, and with monthly usage capacity reasonably comparable to that of residential terrestrial fixed broadband offerings in urban areas. *Provided*, That as the Federal Communications Commission updates the downstream data rate and the upstream data rate the Council will publish the revised data rates in the State Register within sixty days of the federal update.

(2) "Broadband demand promotion project" means a statewide or regional project to undertake activities to promote demand for broadband services and broadband applications.

(3) "Broadband deployment project" means a project to provide broadband services in a type 2 and/or type 3 unserved area, as defined in section six of this article.

(4) "Council" means the Broadband Deployment Council.

(5) "Downstream data rate" means the transmission speed from the service provider source to the end-user.

(6) "Upstream data rate" means the transmission speed from the end-user to the service provider source.

(7) "Unserved area" means a community that has no access to broadband service.

Acts 2008, c. 36, eff. June 7, 2008; Acts 2013, c. 18, eff. July 10, 2013.

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CHAPTER 67.—An ACT to incorporate the town of Harrisville.

Passed February 26, 1869.

Be it enacted by the Legislature of West Virginia:

That the place known as the town of Harrisville, in the county of Raleigh, in the state aforesaid, be and the same is hereby made a town corporate and body politic, by the name of "The town of Harrisville," under the regulations prescribed by chapter sixty-seven of the Code of West Virginia, entitled "Of towns and villages."

The corporate limits of said town shall be as follows: All the lots, streets and alleys, as shown in the original plat of said town, together with the several additions that have been since made, or that hereafter may be made to the same.

1. That the place known as the town of Harrisville, in the county of Raleigh, in the state aforesaid, be and the same is hereby made a town corporate and body politic, by the name of "The town of Harrisville," under the regulations prescribed by chapter sixty-seven of the Code of West Virginia, entitled "Of towns and villages."

2. The corporate limits of said town shall be as follows: All the lots, streets and alleys, as shown in the original plat of said town, together with the several additions that have been since made, or that hereafter may be made to the same.

I, Donald L. Kopp, Clerk of the House of Delegates of the West Virginia Legislature, hereby certify as Keeper of the Rolls and Publisher of the Acts of the Legislature, that according to the records in my said office, the foregoing Chapter 67 of the Acts of 1869, passed by the Legislature on February 26, 1869, is a true and actual copy of the Act incorporating the Town of Harrisville.

Given under my hand this 11th day of April, 1990.


Donald L. Kopp, House Clerk

**STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:**

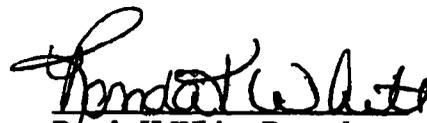
**Before me, Ronda K. White, Recorder of the Town of Harrisville,
personally appeared, Alan R. Haught, who has been duly elected to the position
of Mayor of the Town of Harrisville, and took and subscribed the following:**

**I, Alan R Haught, do solemnly swear that I will support the Constitution of
the United States and the Constitution of the State of West Virginia, and that I will
faithfully discharge the duties of the position of Mayor of the Town of
Harrisville, to the best of my skill and judgment.**

So help me God.


Alan R. Haught

Given under my hand, this 2nd day of July 2013


**Ronda K White, Recorder
Town of Harrisville**

STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:

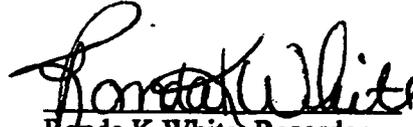
Before me, Ronda K. White, Recorder of the Town of Harrisville,
personally appeared, David Lamm, who has been duly elected to the position
of Council Member of the Town of Harrisville, and took and subscribed the following:

I, David Lamm, do solemnly swear that I will support the Constitution of
the United States and the Constitution of the State of West Virginia, and that I will
faithfully discharge the duties of the position of Council Member of the Town of
Harrisville, to the best of my skill and judgment.

So help me God.


David Lamm

Given under my hand, this 9th day of July 2013

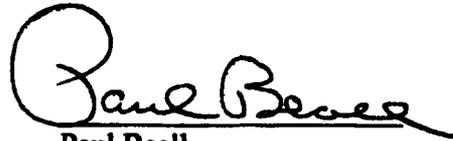

Ronda K. White, Recorder
Town of Harrisville

**STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:**

**Before me, Ronda K. White, Recorder of the Town of Harrisville,
personally appeared, Paul Beall, who has been duly elected to the position
of Council Member of the Town of Harrisville, and took and subscribed the following:**

**I, Paul Beall, do solemnly swear that I will support the Constitution of
the United States and the Constitution of the State of West Virginia, and that I will
faithfully discharge the duties of the position of Council Member of the Town of
Harrisville, to the best of my skill and judgment.**

So help me God.


Paul Beall

Given under my hand, this 9th day of July 2013


**Ronda K. White, Recorder
Town of Harrisville**

**STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:**

Before me, Alan R. Haught, Mayor of the Town of Harrisville personally appeared Ronda K. White who has been duly elected to the position of Recorder of the Town of Harrisville, and took and subscribed the following.

I, Ronda K White, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the position of the Recorder of the Town of Harrisville to the best of my skill and judgment.

So help me God.


Ronda K. White

Given under my hand this 1st day of July, 2009

(seal)


Alan R. Haught, Mayor
Town of Harrisville

**STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:**

Before me, Savannah Farr, Recorder for the Town of Harrisville personally appeared, Jeffrey L. Hardman who has been duly elected to the position of Council Member of the Town of Harrisville and took and subscribed the following;

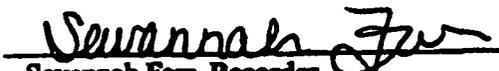
I, Jeffrey L. Hardman, so solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the position of Council Member of the Town of Harrisville to the best of my skill and judgment.

So help me God.


Jeffrey L. Hardman

Given under my hand this 10th day of July, 2007

(seal)

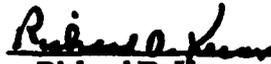

Savannah Farr, Recorder
Town of Harrisville

**STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:**

Before me, Savannah Farr, Recorder for the Town of Harrisville personally appeared, Richard D. Kerns who has been duly elected to the position of Council Member of the Town of Harrisville and took and subscribed the following;

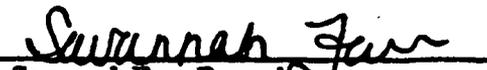
I, Richard D. Kerns, so solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the position of Council Member of the Town of Harrisville to the best of my skill and judgment.

So help me God.


Richard D. Kerns

Given under my hand this 10th day of July, 2007

(seal)


Savannah Farr, Recorder
Town of Harrisville

**STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, SS:**

Before me, Savannah Farr, Recorder for the Town of Harrisville personally appeared, Barbara A. Lowther who has been duly elected to the position of Council Member of the Town of Harrisville and took and subscribed the following;

I, Barbara A. Lowther, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the position of Council Member of the Town of Harrisville to the best of my skill and judgment.

So help me God.

Barbara A. Lowther
Barbara A. Lowther

Given under my hand this 10th day of July, 2007

(seal)

Savannah Farr
Savannah Farr, Recorder
Town of Harrisville

**RULES OF PROCEDURE
OF THE TOWN OF HARRISVILLE**

RESOLUTION ESTABLISHING RULES BY WHICH THE DATE, TIME, PLACE AND AGENDA OF ALL REGULARLY SCHEDULED MEETINGS AND THE DATE, TIME, PLACE AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND NEWS MEDIA AND PROVIDING WHEN THIS RESOLUTION AND SUCH RULES SHALL TAKE EFFECT.

Be it Resolved and Ordered by the Council of the Town of Harrisville, Ritchie County, West Virginia:

Section 1. Statutory Mandate for The Rules. The rules established in and by this Resolution are mandated by and promulgated pursuant to Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended (herein called the "Act"), and other applicable provisions of law. The provisions of the Act, as amended from time to time, are incorporated herein as if fully set out herein.

Section 2. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Section 3 of the Act requires each governing body, as defined in the Act, to promulgate rules by which the date, time, place and agenda of all regularly scheduled meetings and the date, time, place and purpose of all special meetings are made available, in advance, to the public and news media.

(B) The Council of the Town of Harrisville (the "Council"), Ritchie County, West Virginia (the "Town"), is the governing body of the Town within the meaning of the Act.

(C) Accordingly, it is hereby ordered that the rules set out in Section 3 hereof be promulgated and established as the Rules of Procedure of the Council.

Section 3. Rules. The following are hereby promulgated and established as the Rules of Procedure of the Council:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of this Resolution and in July of each year thereafter, the Council shall instruct the Recorder to, and the Recorder shall, post, and leave posted throughout the year to which it applies, at the regular meeting place of the Council, where notices customarily are posted, a notice setting forth the date, time and place of the Council's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Recorder not less than 48 hours before such regular meeting is to be held.

The Council shall also instruct the Recorder to, and the Recorder shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

<u>News Media</u>	<u>Address</u>
The Ritchie Gazette	P.O. Box 215 Harrisville, WV 26362
The Pennsboro News	P.O. Box 368 Pennsboro, WV 26415
WRRR-FM	P.O. Box 374 St. Marys, WV 26170

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In July of each year after the adoption of this Resolution, the Council shall review the above list and shall amend such list as needed, in the opinion of the Council, to reflect properly all the newspapers and other news media that customarily cover news of the area served by the Council. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Recorder not less than 48 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the Council, notice of such modification shall immediately be given to the public and news media by posting at the place and distributing to the news media in the manner set forth above. A copy of the notice of such modification shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 2. Notice of Special Meetings. Not less than 48 hours prior to the date set for any special meeting of the Council, the Council shall instruct the Recorder to, and the Recorder shall, post at the regular meeting place of the Council, where notices customarily are posted, a notice setting forth the date, time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than 48 hours prior to the date set for such special meeting, the Recorder shall distribute to each of the newspapers and other news media listed in Rule No. 1 hereof, a notice identical to that posted. Amendments made to such news media list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 3. Emergency Meetings. The Council may hold a meeting without providing the notices to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of an emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Council and shall be attested to in a certificate by the Recorder describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Rule No. 4. Executive Sessions. The Council may hold an executive session during a regular, special or emergency meeting in accordance with Section 4 of the Act. During the open portion of the meeting, prior to convening an executive session, the Mayor shall identify the authorization under Section 4 of the Act for holding the executive session and present it to the Council and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Council members present. The Council may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Section 4 of the Act.

Rule No. 5. Minutes. The Council shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Section 4 of the Act, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

- (1) The date, time and place of the meeting;
- (2) The name of each Council member present and absent;
- (3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
- (4) The results of all votes and, upon the request of a Council member, the vote of each Council member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Council may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this rule does not prohibit the Council from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Council may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a Council meeting required to be open. The Council may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The Council shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the Council, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the Council, acting in good faith and consistent with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

Rule No. 8. Telephonic Meetings. Council meetings may be held by telephone conference or other electronic means. All Council members participating by telephone or other electronic means must be audible to all those personally present.

Section 4. Committee Meetings. All meetings of any committee of the Council shall be subject to the Rules of Procedure set forth in Section 3 hereof.

Section 5. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

Section 6. Effective Time. This Resolution and the Rules of Procedure promulgated hereby shall take effect immediately upon the adoption hereof.

Adopted this 8th day of August, 2000.



Mayor

CERTIFICATION

**Certified a true copy of a Resolution duly adopted by the Council of the Town
of Harrisville on the 8th day of August, 2000.**

Dated this 11th day of April, 2001.

[SEAL]


Recorder

03/08/01
004812/00304

M0323534.1

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
7/6/2014

Entered: June 16, 2014

CASE NO. 14-0368-W-CN

TOWN OF HARRISVILLE,
a public utility, Harrisville, Ritchie County.

Application for a certificate of convenience
and necessity to construct new water lines
to the Chevaux de Frise area of Ritchie County.

RECOMMENDED DECISION

This Order approves the application; grants the certificate of convenience and necessity to construct new water lines to the Chevaux de Frise area of Ritchie County, West Virginia; and approves the financing related thereto.

PROCEDURE

On March 7, 2014, the Town of Harrisville (Town) filed an application for a certificate of convenience and necessity to construct new water lines to the Chevaux de Frise area of Ritchie County, West Virginia. The estimated cost of the project is \$1,550,300 and is to be financed with grant funds in the amount of \$432,300 from the USDA; loan funds from the USDA in the amount of \$538,000; and grant funds from the West Virginia Infrastructure Jobs Development Council (WVIJDC) in the amount of \$580,000.

By Commission Order dated March 18, 2014, the proceeding was referred to the Division of Administrative Law Judges with a decision due date of on or before July 21, 2014, if there was no substantial protest to the application within thirty (30) days after the required notice had been provided. If substantial protest was received within thirty (30) days after the required notice had been provided, the decision due date for the Division of Administrative Law Judges would be August 19, 2014.

By Commission Order dated March 19, 2014, the Town was required to give notice of its filing by publishing a copy of the attached Notice of Filing once in a qualified newspaper as provided in W. Va. Code §59-3-1 et seq., published and of general circulation in the counties where service is provided, making due return to the Commission of proper certification of publication within thirty (30) days from the date of publication.

By Procedural Order dated March 26, 2014, Commission Staff was required to file its Initial Joint Staff Memorandum on or before April 11, 2014, and its Final Joint Staff Memorandum on or before June 5, 2014.

On April 4, 2014, the Town filed an affidavit of publication which reflected that the Notice of Filing was published on March 26, 2014, in the Ritchie Gazette and the Cairo Standard, a qualified newspaper published and generally circulated in Ritchie County.

On April 10, 2014, Supervising Attorney Anderson filed Staff's first data requests to the Town and the Initial Joint Staff Memorandum to which was attached April 9, 2014 Utilities and Engineering Divisions Initial Memorandum prepared by Pete Lopez, Utilities Analyst II, Utilities Division, and James Spurlock, Technical Analyst II, Engineering Division. Staff reported on the filing and indicated that funding letters for the grants and loans were not included with the application. Staff also discussed other application deficiencies; the Town's municipal rate ordinance; and the notice requirements associated with it. Staff would file a timely final recommendation.

On April 22, 2014, the Town filed responses to Staff's first data requests.

On June 3, 2014, Supervising Attorney Anderson filed the Final Joint Staff Memorandum to which was attached the May 30, 2014 Utilities and Engineering Divisions Final Recommendation prepared by Mr. Lopez and Mr. Spurlock. Staff reported that the Town proposed to extend water service to approximately 34 customers along Chevaux de Frise Road and Bunnell Run Road in Ritchie County. The project proposes to construct approximately 31,364 feet of 6-inch, 6,848 feet of 4-inch and 1,640 feet of 2-inch water line, one pressure reducing station, one 25-gallon per minute duplex pumping station and all necessary appurtenances. The project's water demand can be met through a 3,600 acre-foot reservoir (North Fork/Hughes River Watershed Project) and a 2.5 MGD water treatment plant. Households in the project area are currently served by individual wells and cisterns with poor water quality and quantity resulting in residents having to haul water. All 34 customers have signed user agreements.

The proposed project is the only viable alternative for serving the area which has no other water utilities in the area. It would also be unfeasible to construct a separate water treatment facility for so few customers.

The total project cost is \$1,550,300. Staff opined the construction cost estimate is reasonable for the scope of the project. The cost per new customer, \$45,597, is high. However, the project is approximately 47% grant-funded. Engineering costs (\$172,000, or 14.8% of the construction cost of \$1,166,000) are generally consistent with the guidelines of the American Society of Civil Engineers manual of practice.

Operation and maintenance costs are projected to increase by \$5,058 annually due to the project. Staff opined that the O&M costs were reasonably estimated.

The State Office of Environmental Health Services issued Permit No. 19,319 for the project. Staff's review of the plans and specifications did not reveal any conflicts with the Commission's rules and regulations.

The \$1,550,300 project is to be funded by a West Virginia Infrastructure & Jobs Development Council (WVIJDC) loan of \$290,000 at 1% interest over 40 years; a WVIJDC grant in the amount of \$290,000; a United States Department of Agriculture (USDA) loan in the amount of \$538,000 at 1% interest over 40 years; and an USDA grant in the amount of \$432,300. The Town has provided the commitment letters for the funding of the project.

The additional annual adjustments related to the project at pro forma will result in a cash surplus of \$15,390 and debt service coverage of 117.18% which satisfies the required 115% for the new bond coverage of the 2013 loans.

Staff recommended that, pursuant to West Virginia Code §24-2-11, the Town of Harrisville's application for a certificate of convenience and necessity to install a new water line extension system to serve 34 new customers in the Chevaux de Frise area of Ritchie County, West Virginia, and the project financing (\$290,000 WVIJDC grant; WVIJDC loan of \$290,000 at 1% interest, 40 years; \$432,300 USDA grant; and USDA loan of \$538,000 at 1% interest, 40 years) related thereto, be approved.

As of the date of this Order, the Town has not objected to Staff's recommendations and no protests have been filed.

DISCUSSION

Upon consideration of all of the above, the certificate of convenience and necessity should be granted to the Town of Harrisville for the construction of a water main line extension. The project is economically feasible and financially viable because it is partially grant-funded and no additional rate increase will be needed. The project is needed because the residents to be served by this extension currently obtain water from unreliable individual wells with poor water quality and quantity. Residents must currently haul water. The West Virginia Bureau for Public Health has already issued its permit for the project and Commission Staff has reviewed the project and has concluded that the plans and specifications of the project revealed no conflict with the Commission's Water Rules. Finally, the Town gave proper notice of its application. No protests have been filed with the Public Service Commission.

FINDINGS OF FACT

1. On March 7, 2014, the Town of Harrisville filed an application for a certificate of convenience and necessity to construct new water lines to the Chevaux de Frise area of Ritchie County, West Virginia. (See, filing dated March 7, 2014).
2. The project is estimated to cost \$1,550,300 and is proposed to be funded with a West Virginia Infrastructure and Jobs Development Council grant in the amount of \$290,000; a

West Virginia Infrastructure and Jobs Development Council loan in the amount of \$290,000 at 1% interest for a term of forty (40) years; a United States Department of Agriculture loan in the amount of \$538,000 at 1% interest for a term of forty (40) years; and an USDA grant in the amount of \$432,300. Letters of commitment for the funding were also filed. (See, application filed March 7, 2014; and Final Joint Staff Memorandum with attachment filed June 3, 2014).

3. The project will not require an additional rate increase. The additional annual adjustments related to the project at pro forma will result in a cash surplus of \$15,390 and debt service coverage of 117.18% which satisfies the required 115% bond coverage. (See, filing dated March 7, 2014; filing dated April 22, 2014; and Final Joint Staff Memorandum with attachment filed June 3, 2014).

4. The Town was directed to give notice of the filing of its application by publishing the Notice of Filing issued on March 19, 2014. The Town published the Notice of Filing in the Ritchie Gazette and the Cairo Standard, a qualified newspaper, as provided in W.Va. Code §59-3-1, et seq., published and of general circulation in Ritchie County, on March 26, 2014. No protests have been received to the application either within the 30-day protest period or as of the date of this Order. (See, affidavit of publication filed April 4, 2014; case file generally).

5. The project has already received a permit from the State Office of Environmental Health Services. (See, Final Joint Staff Memorandum with attachment filed June 3, 2014).

6. Commission Staff has reviewed the plans and specifications for the project and has found no obvious violation of the Commission's Water Rules. (See, Final Joint Staff Memorandum with attachment filed June 3, 2014).

7. Commission Staff recommended that the application be granted and that the project be certificated. In addition, Commission Staff recommended that the proposed financing for the project be approved. (See, Final Joint Staff Memorandum with attachment filed June 3, 2014).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The proposed project is financially feasible and economically viable, since it is partially grant-funded and no additional rate increase will be required.

3. A certificate of public convenience and necessity should be granted to the Town of Harrisville for the construction of new water lines to the Chevaux de Frise area of Ritchie County, West Virginia, as described in the application filed on March 7, 2014. The certificate of convenience and necessity can be granted without hearing since the project was properly published and noticed, with no protests having been filed in response thereto, and since Commission Staff has recommended approval of the project.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to the Town of Harrisville for the construction of new water lines to the Chevaux de Frise area of Ritchie County, West Virginia, as fully described in the application filed herein on March 7, 2014, provided, however, that construction may not commence until all necessary permits, approvals, etc., have been received by the various reviewing authorities. The Town shall file all permits not yet filed with the Commission upon receipt as closed case filings.

IT IS FURTHER ORDERED that the financing for the project, consisting of a West Virginia Infrastructure and Jobs Development Council grant in the amount of \$290,000; a West Virginia Infrastructure and Jobs Development Council loan in the amount of \$290,000 at 1% interest for a term of forty (40) years; a United States Department of Agriculture (USDA) loan in the amount of \$538,000 at 1% interest for forty (40) years; and an USDA grant in the amount of \$432,300, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if the scope, design or financing of the proposed project changes, the Town of Harrisville petition the Public Service Commission for approval of such changes, prior to commencing construction. Changes in project cost do not require separate approval if those changes do not affect rates and the Town submits an affidavit from a certified public accountant to this effect.

IT IS FURTHER ORDERED that the Town of Harrisville file with the Commission the certified bid tabulations for each contract awarded, as soon as they become available.

IT IS FURTHER ORDERED that the Town of Harrisville file with the Commission a certificate of substantial completion for each contract awarded for the project certificated herein, as soon as each becomes available.

IT IS FURTHER ORDERED that, if the project certificated herein requires the use Division of Highways' rights-of-way, the Town of Harrisville fully comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that this proceeding be, and it hereby is, removed from the Commission's docket of open cases.

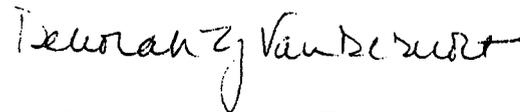
IT IS FURTHER ORDERED that the Executive Secretary is ordered to serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is

mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served the exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the fifteen (15) day time period, unless it is ordered stayed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission.



Deborah Yost VanDervort
Administrative Law Judge

DYV:s:bam
140368ab.docx



United States Department of Agriculture

Bond Counsel

August 2, 2013

Rural Development

West Virginia State
Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

Voice 304.284.4860
1.800.295.8228
Fax 304.284.4893

The Honorable Alan R. Haught
Mayor, Town of Harrisville
P.O. Box 243
Harrisville, WV 26362-0243

RE: Chevaux de Frise Road Water Extension Project

Dear Mayor Haught:

This letter, with Attachments 1 through 10 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered by USDA, Rural Development (RD). Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RD loan in the amount of \$538,000, an RD grant in the amount of \$432,300, and other funding in the amount of \$580,000, for a total project cost of \$1,550,300. The other funding is planned in the form of a loan and grant from the West Virginia Infrastructure and Jobs Development Council.

The loan and grant will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel, and accountant. All parties may access our website located at www.rurdev.usda.gov/UWEP_HomePage.html for the following:

1. RUS Instruction 1780
2. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"
3. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
4. RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"

If you do not have internet access, we will provide the appropriate documents.

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 – Project Construction Budget (All Copies)
- Attachment No. 2 – Water and Waste Processing Checklist (All Copies)
- Attachment No. 3 – Water Users Agreement (Applicant and Attorney Copies)
- Attachment No. 4 – Declination Statement (Applicant and Attorney Copies)
- Attachment No. 5 – Form RD 1927-9, “Preliminary Title Opinion” (Attorney Copy)
- Attachment No. 6 – Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way” (Attorney Copy)
- Attachment No. 7 – Form RD 1927-10, “Final Title Opinion” (Attorney Copy)
- Attachment No. 8 – Guidance to Local Attorney (Applicant and Attorney Copies)
- Attachment No. 9 – WV Supplemental General Conditions (Engineer Copy)
- Attachment No. 10 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.
2. System for Award Management – System for Award Management (SAM) is a Federal Government database that has combined federal procurement systems and the Catalog of Federal Domestic Assistance into one system. The initiation of SAM includes the functionality of (1) Central Contractor Registry (CCR), (2) Federal Agency Registration (Fedreg), (3) Online Representations and Certifications Application, and (4) Excluded Parties List System (EPLS). The benefits of SAM include streamlined and integrated processes, elimination of data redundancies, and reduced costs while providing improved capability. Registering with SAM is required for all recipients of Federal loans and grants. Registration expires every 12 months and must be renewed. Detailed instructions on registration and renewal are available at www.sam.gov or can be provided by our agency.
3. Loan Repayment – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 2.75% interest rate and a monthly amortization factor of .00354, which provides for a

monthly payment of \$1,905. You are encouraged to participate in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. The Town must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan. You will be required to establish this debt service reserve account with the West Virginia Municipal Bond Commission. We also recommend that, as part of this financing, you move any existing debt service reserve accounts to the Municipal Bond Commission as well. Your bond counsel will be able to assist you with this.

You are reminded that the Town may be required to refinance (graduate) the unpaid balance of its RD loan, in whole or in part, upon the request of RD if at any time it shall be determined the Town is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time.

4. Security – The loan must be secured by a statutory lien of equal priority with the Town’s outstanding water revenue bonds, a pledge of the system’s revenues and other agreements between you and RD as set forth in the bond ordinance which must be properly adopted and executed by the appropriate officials of the Town. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
5. Users – This conditional commitment is based upon you providing evidence that you will have at least 1,129 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 34 signed user agreements and a signed certification from you that identifies and attests to the number of users actually connected to and using the Town’s existing water system, which is to be expanded by the new project, at the time you request authorization to advertise the proposed project for construction bids.

The enclosed Water Users Agreement will be used. Each user signing an agreement must make a user contribution of \$100. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a “Service Declination Statement.” A guide “Service Declination Statement” is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the Town should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user’s refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

Before RD can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

6. Accounting Services - Agency regulations outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the Town. "Government Auditing Standards" (Revised July 2007), which may be accessed at www.gao.gov/govaud/ybk01.htm, and RUS Bulletins 1780-30 and 1780-31, which may be accessed at our agency website, www.rurdev.usda.gov/UWEP_HomePage.html, outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$500,000 or more in Federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit is not included in project funds and should be paid from the operational revenues generated from your system operation.

7. Facility Control – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts, or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the Town already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

- c. A narrative opinion from your attorney concerning all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.
 - d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or *loan* closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.
 - e. On the day of loan closing, the Town's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the Town has already acquired real property(s) (land or facilities), the Town's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
8. Permits – Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
- a. West Virginia Department of Highways
 - b. State Department of Health
 - c. Department of Environmental Protection
 - d. Public Land Corporation
9. Public Service Commission Approvals – You must obtain the following from the West Virginia Public Service Commission:
- a. A Certificate of Convenience and Necessity.
 - b. Approval of user charges that are acceptable to you and RD.
 - c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

10. Insurance and Bonding Requirements – Prior to *loan* closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

- a. General Liability Insurance – This should include vehicular coverage.
- b. Workers' Compensation – In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to the estimated highest monthly construction drawdown. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

The minimum coverage acceptable to RD once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan.

- d. Real Property Insurance – Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks, or noncombustible materials used in treatment plants, clearwells, filters, and the like.

11. Environmental Requirements --

- a. Mitigation – At the conclusion of the proposal’s environmental review process, specific actions were negotiated with environmental regulatory officials to avoid or minimize adverse environmental impacts. Those actions(s) are required for successful completion of the project and must be adhered to during project design and construction.
 - i. Water Quality – The construction of the proposed project could result in the temporary degradation of water quality in area streams due to erosion and siltation. The project may require a NPDES Stormwater Permit which would set requirements for the placement of silt fences and the timely restoration of construction areas to preclude the deposit of siltation into adjacent streams.
 - ii. Air Quality – During construction, there will be emissions from construction equipment and dust from construction activities. The contractor will be responsible for mitigating these conditions to the greatest extent possible. There will be no permanent degradation of air quality caused by the construction of the project.
 - iii. Transportation – During construction, there will be occasional delays in traffic through the project area. All construction within the rights-of-way of the WV Division of Highways will be controlled by a permit from that agency, requiring adequate signage, lights and/or flaggers.
- b. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

12. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) – Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA’s and ERP’s.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

13. Civil Rights & Equal Opportunity – You should be aware of and will be required to comply with other Federal statute requirements including but not limited to:

Section 504 of the Rehabilitation Act of 1973 – Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

14. Contract Documents, Final Plans and Specifications –

- a. The contract documents should consist of the following:
- i. EJCDC Document No. C-520, 2007 Edition, “Suggested Form of Agreement between Owner and Contractor (Stipulated Price) and EJCDC Document No. C-700, 2007 Edition, “Standard General Conditions of the Construction Contract” and Attachments. The EJCDC document is issued under copyright and cannot be provided by RD.
 - ii. “WV Supplemental General Conditions.” (See Attachment No. 9)

RUS Bulletin 1780-26, “Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (August 20, 2009 Version),” must be used by your engineer in the preparation of the contract documents.

- b. The contract documents must provide, as a minimum, the following insurance:
- i. Liability Insurance – Personal Liability -- \$500,000; Property Damage -- \$200,000 each occurrence. This coverage must include indemnification of the Town and its engineer. EJCDC Document C-700, “Standard General Conditions of the Construction Contract” and Exhibit H to RUS Bulletin 1780-26, “Supplementary Conditions” both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
 - ii. Builder’s Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
 - iii. Workers’ Compensation – In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to RD for approval.
- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

15. State Prevailing Wage Law – You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, “Wages for Construction of Public Improvements” are met during construction of the project.
16. Disbursement of Funds – The RD funds will be advanced as they are needed in the amount(s) necessary to cover the RD proportionate share of any disbursements required of the Town, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

Any RD grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account except as follows:

- a. Federal grant awards (includes all Federal funding sources) are less than \$120,000 per year.
- b. The best available interest bearing account would not be expected to earn in excess of the following:

Public Bodies

Interest earned on grant funds in excess of \$100 per year will be submitted to RD at least quarterly as required in 7 CFR 3016.

- c. The depository would require a minimum balance so high that it would not be feasible.

The Town will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of \$250,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The Town must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RD.

17. Water Purchase Contract – You propose to purchase treated water from the Hughes River Water Board; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RD.
18. Other Project Funds – Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. The evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.
19. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
 - a. Form RD 1940-1 – “Request for Obligation of Funds”
 - b. RUS Bulletin 1780-12 – “Water or Waste System Grant Agreement”
 - c. RUS Bulletin 1780-27 – “Loan Resolution (Public Bodies)”
 - d. Certification of Compliance
 - e. Form RD 1942-46, “Letter of Intent to Meet Conditions”
20. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.
21. Upon receipt of the loan and grant docket, which contains all the items required above, RD may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RD with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RD project funds will be considered to be RD grant funds

and refunded to RD. If the amount of unused RD project funds exceeds the RD grant, that part would be RD loan funds and would be applied as an extra payment toward the loan balance.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the Town still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,



BOBBY LEWIS

State Director

Enclosures

cc: Alan L. Harris, Area Director
ATTN: Virginia M. McDonald, Area Specialist
Ripley, WV

Cerrone Associates, Inc.
ATTN: Dominick P. Cerrone, P.E.
401 Main Street
Wheeling, WV 26003

Bassett & Lowe, CPAs
ATTN: Rodman G. Lowe, CPA
1156 South Main Street
Milton, WV 25541

Jackson Kelly, PLLC
ATTN: Samme L. Gee, Esquire
500 Lee Street East, Suite 1600
Charleston, WV 25322

Ira M. Haight, Esquire
210 East Main Street
Harrisville, WV 26362

WVIJDC
Attn: James W. Ellars, P.E.
180 Association Drive
Charleston, WV

Chevaux de Frise Water Extension Project
Construction Budget

<u>PROJECT COST</u>	<u>WW IJDC GRANT</u>	<u>WW IJDC LOAN</u>	<u>RD GRANT</u>	<u>RD LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 201,400	\$ 201,400	\$ 296,800	\$ 360,400	\$ 1,060,000
CONST. CONTINGENCY	\$ 20,100	\$ 20,100	\$ 29,700	\$ 36,000	\$ 105,900
LAND & RIGHTS	\$ 3,800	\$ 3,800	\$ 5,600	\$ 6,800	\$ 20,000
LEGAL FEES	\$ 3,800	\$ 3,800	\$ 5,600	\$ 6,800	\$ 20,000
BOND COUNSEL	\$ 3,800	\$ 3,800	\$ 5,600	\$ 6,800	\$ 20,000
ACCOUNTING	\$ 500	\$ 500	\$ 1,500	\$ 3,000	\$ 5,500
ENGINEERING FEES	\$ 32,700	\$ 32,700	\$ 48,000	\$ 58,600	\$ 172,000
Study & Report - \$10,000					
Basic - \$82,000					
Insp. - \$78,500					
Special - \$1,500					
INTEREST				\$ 23,900	\$ 23,900
TECHNICAL SERVICES	\$ 8,000	\$ 8,000	\$ 11,900	\$ 14,450	\$ 42,350
EQUIPMENT	\$ 10,000	\$ 10,000	\$ 15,000	\$ 18,400	\$ 53,400
PROJECT CONTG.	\$ 5,900	\$ 5,900	\$ 12,600	\$ 2,850	\$ 27,250
TOTAL	\$ 290,000	\$ 290,000	\$ 432,300	\$ 538,000	\$ 1,550,300

Rates - Schedule 1

Available for general domestic, commercial, and industrial service.

First	2,000	gallons @	\$ 8.08	per M gallons
Next	4,000	gallons @	\$ 6.63	per M gallons
Next	4,000	gallons @	\$ 5.11	per M gallons
Next	10,000	gallons @	\$ 4.09	per M gallons
Over	20,000	gallons @	\$ 3.10	per M gallons

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" x 3/4"	meter	\$ 16.16	per month
3/4"	meter	\$ 24.24	per month
1"	meter	\$ 40.40	per month
1 1/2"	meter	\$ 80.80	per month
2"	meter	\$ 129.28	per month
3"	meter	\$ 242.40	per month
4"	meter	\$ 404.00	per month
6"	meter	\$ 808.00	per month
8"	meter	\$ 1,292.80	per month

Minimum Monthly Bill \$ 16.16 for 2,000 gallons

Rates- Schedule 2

Available for general domestic, commercial, and industrial service.

First	2,000	gallons @	\$	14.68	per M gallons
Next	4,000	gallons @	\$	13.09	per M gallons
Next	4,000	gallons @	\$	11.40	per M gallons
Next	10,000	gallons @	\$	10.29	per M gallons
Over	20,000	gallons @	\$	9.17	per M gallons

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" x 3/4"	meter	\$	29.36	per month
3/4"	meter	\$	44.04	per month
1"	meter	\$	73.40	per month
1 1/2"	meter	\$	146.80	per month
2"	meter	\$	234.88	per month
3"	meter	\$	440.40	per month
4"	meter	\$	734.00	per month
6"	meter	\$	1,468.00	per month
8"	meter	\$	2,348.80	per month

Minimum Monthly Bill \$ 29.36 for 2,000 gallons

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

If any bill is not paid within sixty (60) days after date, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

Connection Charge

Prior to Construction - \$100.00

After the start of construction, there shall be a charge of \$300.00 for connection to the system.

Reconnection Charge

\$20.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

**TOWN OF HARRISVILLE
CUSTOMER BILL ANALYSIS - PRO FORMA**

RESIDENTIAL USERS - PRO FORMA - SCHEDULE 1

	Number of Bills	M. Gals Sold	Minimum Bills		Rate \$	Revenue \$	First Gallons	Next 4,000 Gallons	Next 4,000 Gallons	Next 10,000 Gallons	All Over 20,000 Gallons	Revenue \$
			Rate \$	Revenue \$								
Minimum Bills												
5/8 Inch Meter	4,230	5,288	16.16	68,356.80								
3/4 Inch Meter	-	-	24.24	-								
1 Inch Meter	-	-	40.40	-								
1-1/4 Inch Meter	-	-	58.98	-								
1-1/2 Inch Meter	-	-	80.80	-								
2 Inch Meter	-	-	129.28	-								
3 Inch Meter	-	-	242.40	-								
4 Inch Meter	-	-	404.00	-								
6 Inch Meter	-	-	808.00	-								
8 Inch Meter	-	-	1,292.80	-								
2,001 - 6,000 GALLONS	4,386	18,117				8,772	9,345					
6,001 - 10,000 GALLONS	471	3,703				942	1,884	877				
10,001 - 20,000 GALLONS	77	1,042				154	308	308	272			
OVER - 20,000 GALLONS	14	488				28	56	56	140	208		
Tariff Rates - \$	9,178	28,638				9,896	11,593	1,241	412	208		
						\$ 8.08	\$ 6.63	\$ 5.11	\$ 4.09	\$ 3.10		
						79,959.68	76,861.59	6,341.51	1,685.08	644.80		233,849.46

RESIDENTIAL USERS - PRO FORMA - SCHEDULE 2

	Number of Bills	M. Gals Sold	Minimum Bills		First 2,000 Gallons	Next 4,000 Gallons	Next 4,000 Gallons	Next 10,000 Gallons	All Over 20,000 Gallons	Revenue
			Rate	Revenue						
Minimum Bills										
5/8 Inch Meter	1,757	2,196	29.36	51,585.52						
3/4 Inch Meter	-	-	44.04	-						
1 Inch Meter	-	-	73.40	-						
1-1/4 Inch Meter	-	-	107.16	-						
1-1/2 Inch Meter	-	-	146.80	-						
2 Inch Meter	-	-	234.88	-						
3 Inch Meter	-	-	440.40	-						
4 Inch Meter	-	-	734.00	-						
6 Inch Meter	-	-	1,468.00	-						
8 Inch Meter	-	-	2,348.80	-						
2,001 - 6,000 GALLONS	627	2,409		1,254	1,155					
6,001 - 10,000 GALLONS	60	468		120	240	108				
10,001 - 20,000 - GALLONS	9	111		18	36	36	21			
OVER - 20,000 GALLONS	1	104		2	4	4	10	84		
Tariff Rates - \$	2,454	5,288		\$ 1,394	1,435	148	31	84		
				\$ 14.68	13.09	11.40	10.29	9.17		
				20,463.92	18,784.15	1,687.20	318.99	770.28		93,610.06
New Customers - 34	408	1,191		11,978.88	4,913.46					16,892.34
Calculated Revenues										344,351.86
Error Factor										1,019,921.15
Actual Revenues										351,064.01

"UNAUDITED"

COMMERCIAL USERS - PRO FORMA - SCHEDULE 1

	Number of Bills	M. Gals Sold	Minimum Bills		Rate	Revenue	First 2,000 Gallons	Next 4,000 Gallons	Next 4,000 Gallons	Next 10,000 Gallons	All Over 20,000 Gallons	Revenue
			Rate	Revenue								
Minimum Bills					\$	\$						\$
5/8 Inch Meter	859	1,074	16.16	13,881.44								
3/4 Inch Meter	-	-	24.24	-								
1 Inch Meter	17	59	40.40	686.80								
1-1/4 Inch Meter	-	-	58.98	-								
1-1/2 Inch Meter	12	23	80.80	969.60								
2 Inch Meter	24	203	129.28	3,102.72								
3 Inch Meter	-	-	242.40	-								
4 Inch Meter	-	-	404.00	-								
6 Inch Meter	-	-	808.00	-								
8 Inch Meter	-	-	1,292.80	-								
2,001 - 6,000 GALLONS	256	1,064				512	552					
6,001 - 10,000 GALLONS	55	453				110	220	123				
10,001 - 20,000 GALLONS	53	794				106	212	212	264			
OVER - 20,000 GALLONS	95	9,118				190	380	380	950	7,218		
Tariff Rates - \$	1,371	12,788				918	1,364	715	1,214	7,218		
						\$ 8.08	\$ 6.63	\$ 5.11	\$ 4.09	\$ 3.10		
						7,417.44	9,043.32	3,653.65	4,965.26	22,375.80		66,096.03
						18,640.56						

COMMERCIAL USERS - PRO FORMA - SCHEDULE 2

	Number of Bills	M. Gals Sold	Minimum Bills		First 2,000 Gallons	Next 4,000 Gallons	Next 4,000 Gallons	Next 10,000 Gallons	All Over 20,000 Gallons	Revenue	\$
			Rate	Revenue							
5/8 Inch Meter	88	110	29.36	2,583.68							
3/4 Inch Meter	-	-	44.04	-							
1 Inch Meter	-	-	73.40	-							
1-1/4 Inch Meter	-	-	107.16	-							
1-1/2 Inch Meter	-	-	146.80	-							
2 Inch Meter	-	-	234.88	-							
3 Inch Meter	-	-	440.40	-							
4 Inch Meter	-	-	734.00	-							
6 Inch Meter	-	-	1,468.00	-							
8 Inch Meter	-	-	2,348.80	-							
2,001 - 6,000 GALLONS	20	85			40	45					
6,001 - 10,000 GALLONS	14	106			28	56	22				
10,001 - 20,000 GALLONS	-	-			-	-	-				
OVER - 20,000 GALLONS	-	-			-	-	-				
Tariff Rates - \$	122	301			\$ 68	\$ 101	\$ 22	\$ 9.17	\$ -	\$ 5,154.81	\$ -
					\$ 14.68	\$ 13.09	\$ 11.40	\$ 10.29	\$ -	\$ -	\$ -
					998.24	1,322.09	250.80			71,250.84	
					2,583.68					0.996451007	
										70,997.97	

	Calculated Revenues	Error Factor	Actual Revenues
	71,250.84	0.996451007	70,997.97

"UNAUDITED"

INDUSTRIAL USERS - PRO FORMA - SCHEDULE 1

	Number of Bills	M. Gals Sold	Minimum Bills		First 2,000 Gallons	Next 4,000 Gallons	Next 4,000 Gallons	Next 10,000 Gallons	All Over 20,000 Gallons	Revenue	Revenue
			Rate	Revenue							
Minimum Bills										\$	\$
5/8 Inch Meter	-	-	16.16	-	-	-	-	-	-	-	-
3/4 Inch Meter	-	-	24.24	-	-	-	-	-	-	-	-
1 Inch Meter	-	-	40.40	-	-	-	-	-	-	-	-
1-1/4 Inch Meter	-	-	58.98	-	-	-	-	-	-	-	-
1-1/2 Inch Meter	-	-	80.80	-	-	-	-	-	-	-	-
2 Inch Meter	-	-	129.28	-	-	-	-	-	-	-	-
3 Inch Meter	-	-	242.40	-	-	-	-	-	-	-	-
4 Inch Meter	12	225	404.00	4,848.00	-	-	-	-	-	-	-
6 Inch Meter	-	-	808.00	-	-	-	-	-	-	-	-
8 Inch Meter	-	-	1,292.80	-	-	-	-	-	-	-	-
2,001 - 6,000 GALLONS	-	-	-	-	-	-	-	-	-	-	-
6,001 - 10,000 GALLONS	-	-	-	-	-	-	-	-	-	-	-
10,001 - 20,000 GALLONS	-	-	-	-	-	-	-	-	-	-	-
OVER - 20,000 GALLONS	-	-	-	-	-	-	-	-	-	-	-
Tariff Rates - \$	12	225			\$ 8.08	\$ 6.63	\$ 5.11	\$ 4.09	\$ 3.10		4,848.00

Calculated Revenues 4,848.00
 Error Factor 1.000030249
 Actual Revenues 4,848.15

"UNAUDITED"

TOWN OF HARRISVILLE
OPERATING BUDGET

OPERATING INCOME

Metered Sales \$ 426,910
Unmetered Sales \$ 1,282
Forfeited Discounts \$ 1,413
Other Water Revenues \$ 88,513
Miscellaneous Service Revenues \$ 3,352

TOTAL OPERATING INCOME \$ 521,470

NON OPERATING INCOME

Interest income \$ 805

TOTAL NON OPERATING INCOME \$ 805

TOTAL INCOME

\$ 522,275

EXPENSES

O & M \$ 333,183
Taxes \$ 8,692

TOTAL EXPENSES \$ 341,875

INCOME AVAILABLE FOR D/S (A)

\$ 180,400

DEBT SERVICE

Existing Bond P & I (B) \$ 114,672
Proposed IJDC Bond \$ 8,808
Proposed RD Bond P & I (B) \$ 22,860

TOTAL DEBT SERVICE \$ 146,340

DEBT SERVICE RESERVE

Existing Debt Service Reserve \$ 7,585
Proposed IJDC Debt Service Reserve \$ 881
Proposed RD Debt Service Reserve \$ 2,286

TOTAL DEBT SERVICE RESERVE \$ 10,752

SURPLUS (DEFICIT)

\$ 23,308

DEBT COVERAGE (A/B)

123.27%

**UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL DEVELOPMENT
 Water and Waste Processing Checklist
 Chevaux de Frise Water Extension Project**

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		X	3
	DUNS Number	1		Applicant		X	3
	CAIVRS Number	1		RD		X	3
	System for Award Management (SAM) CAGE Code and Expiration Date	1		Applicant		X	3
	Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants	1	Sections 738 and 739 FY 2012 Appro. Act			X	5
AD 3031	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		X	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		X	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		X	5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		X	2
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		X	1
	Staff Review Financial Statements	1	S.I. 1780.2	RD		X	1
EJCDC No. E-510-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		X	6
RUS Legal Services Agreement	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		X	5
	Site Visit		S.I. 1780-2	RD		X	3
	Processing Conference	1	1780.39(a)	RD		X	3
	Environmental Report	2	1794	Applicant		X	3
	Environmental Assessment	2	1794	RD/ Engineer		X	3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RD/ Applicant			3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		X	6
	Staff Engineer PER Review	1	1780.33(c)	RD		X	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		X	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		X	8

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Statement reporting the <u>total</u> number of <u>potential</u> users		1780.33(c)	Applicant/ Engineer		X	8
	Rate Tariff	2	1780.33	Applicant		X	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		X	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RD		X	3
	Documentation on Service Area	1	1780.11	RD		X	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RD			1
	Letter of Conditions	7	1780.41 (a)(5)	RD			3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant		X	5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		X	2
CPAP Form	Project Information	2	1780.41(a)	RD		X	1
CPAP Form	Underwriting Information	2	1780.33(h)	RD		X	3
RD 1940-1	Request for Obligation of Funds	2	1780.41(a)	RD/ Applicant			2

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RD/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		X	5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RD			3
RD 1910-11	Applicant Certification, Federal Collect- ion Policies	1	1780.33(h)	Applicant		X	3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant		X	6
RD 400-4	Assurance Agreement	1	1901-E	Applicant		X	3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel		X	5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		X	5
	Water Users Agreement (Copy)	1	1780.39 (c)(3)	Applicant			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5
	4. Evidence of Tap Fees Being Paid	1	LOC	Applicant			5
	5. Having Users Agreements and Declination Statements Available		LOC	Applicant			
	6. Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RD			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RD			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RD Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RD			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
	DOH Permit	1	1780.15(d)	Applicant			6

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RD			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RD/ Attorney			3
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
(Existing borrowers)	Certifications on VA and ERP	1		Applicant			5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RD			5
	S/O Closing Instructions	1	1780.44(h)	RD			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RD			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RD/Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RD			5



June 26, 2014

The Honorable Alan R. Haught
Mayor, Town of Harrisville
PO Box 243
Harrisville, WV 26362-0243

Re: Chevaux de Frise Road Water Extension Project

Dear Mayor Haught:

The pre-closing for the Town's Rural Development (RD) loan will be held on July 23, 2014, at 10:00 AM at Town Hall in Harrisville, West Virginia. The preconstruction conference will follow at 11:00 AM. The official loan closing date for the Chevaux de Frise Road Water Extension Project will be July 25, 2014.

Reference is made to our Letter of Conditions dated August 2, 2013. All of the requirements of this letter must be met and in addition, the loan must be closed in accordance with RUS Instruction 1780 and "Closing Guidelines for Community Facilities Loans to Public Bodies."

The RD loan of \$538,000 will be closed utilizing an interest rate of 2.75%, resulting in a monthly payment of \$1,905. The Town must establish a debt service reserve account at the West Virginia Municipal Bond Commission. This account must be funded on a monthly basis with an amount equal to 10% of the monthly payment until the equivalent of one annual installment on the loan is accumulated.

The following items should be submitted to our office as soon as possible but no later than July 16, 2014:

1. The Town's engineer must provide a resume of the proposed inspector(s).
2. The Town must provide a letter accepting the proposed inspector(s).
3. The Town must provide evidence that it has acquired insurance and bond coverage in accordance with Item 10 of the Letter of Conditions. The Town's existing position fidelity coverage must be increased by at least the amount of the estimated highest monthly construction drawdown. The additional premium for this coverage is an eligible project expense and may be reimbursed from project funds. Once construction is complete, the position fidelity coverage may be decreased to not less than the amount of one annual installment on your Rural Development loans.
4. The Town must furnish evidence that it provides State Workers' Compensation Insurance. A certificate of good standing will be satisfactory.
5. An advance copy of the first drawdown. Please make sure that requested payments do not exceed the amounts in the various professional agreements as approved by RD.
6. A copy of the specimen bond.

Rural Development Ripley Area Office
2118 Ripley Road, Ripley, WV 25271
Voice (304) 372-6231 Ext. 4 • Fax (304) 372-6856

USDA is an equal opportunity provider and employer.

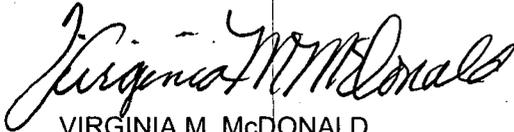
On the day of pre-closing, the following documents must be provided:

1. The Town's attorney will need to provide Form RD 442-22 "Opinion of Counsel Relative to Rights of Way," showing no exceptions. This form should be dated July 25, 2014.
2. The Town's attorney must furnish a Form RD 1927-10 "Final Title Opinion," on all property being acquired and for all existing property owned by the Town connection with the water system. A single final title opinion may be provided if it includes an attachment which adequately addresses each of the parcels identified in the preliminary title opinions. The opinion should be dated July 25, 2014.
3. The Town must furnish evidence that the West Virginia Public Service Commission has approved the project.

There will be a conference call on Wednesday, July 16, 2014 at 10:00 AM to discuss the upcoming loan pre-closing and pre-construction conference. The call in number is (888) 844-9904 and the access code is 4255829#.

If you have any questions regarding these or any other matters pertaining to your loan, please contact our office at your earliest convenience.

Sincerely,



VIRGINIA M. McDONALD
Area Specialist

enclosure

cc: State Director, USDA Rural Development
ATTN: Community Programs
Morgantown, WV

Cerrone Associates, Inc.
ATTN: Dominick P. Cerrone, P.E.
401 Main Street
Wheeling, WV 26003

Bassett & Lowe, CPAs
ATTN: Rodman G. Lowe, CPA
1156 South Main Street
Milton, WV 25541

Mid-Ohio Valley Regional Council
ATTN: Tim Meeks, Grants Coordinator
P.O. Box 247
Parkersburg, WV 26102

Jackson Kelly, PLLC
ATTN: Samme L. Gee, Esquire ✓
500 Lee Street East, Suite 1600
Charleston, WV 25322

Rodney C. Windom, Esquire
202 East Main Street
Harrisville, WV 26362

WV Infrastructure & Jobs Development Council
ATTN: James W. Ellars, P.E.
180 Association Drive
Charleston, WV 25311

CLOSING GUIDELINES FOR
COMMUNITY FACILITY LOANS TO PUBLIC BODIES

At or before the closing for the financing, the following conditions must be satisfied:

1. General Requirements. There must be full compliance with all requirements specified in (a) applicable Rural Development Instructions, (b) correspondence from OGC, (c) any applicable correspondence from the Administrator's office, (d) RD letter of conditions, (e) clearinghouse comments, and (f) any state office memorandum of approval.
2. Loan Resolution. Confirm that the Applicant has duly adopted the fully execute RUS Bulletin 1780-27, Loan Resolution (Public Bodies.)
3. Grant Agreement. In the event that a grant is also to be made to the Applicant, then the grant may be closed in accordance with RD Instructions provided that these Closing Instructions have also been complied with and duly authorized officials of the Applicant have fully executed RUS Bulletin 1780-12, Grant Agreement.
4. Civil Rights. Confirm that the following fully executed civil rights forms are in the docket:
 - a. Form RD 400-1, Equal Opportunity Agreement
 - b. Form RD 400-4, Assurance Agreement
 - c. Form RD 400-8, Compliance Review (Pre-loan closing)
5. Environmental Impact. Confirm that a completed and executed Form RD 2006-38, Environmental Justice and Civil Rights Impact Analysis is in the docket. If the Analysis indicates that an Environmental Impact Statement must be filed, this must be accomplished prior to loan closing.
6. Clearinghouse Comments. Confirm that A-95 approvals have been received from both state and regional clearinghouses. Note any comments received and confirm that the Applicant intends to comply with such comments. If the Applicant expresses a contrary intention, the State Office should be notified immediately in detail. The State Office should consult OGC with respect to the legal ramifications of any such noncompliance.
7. Specimen Bond(s). Prior to closing, confirm that the terms of the specimen bond(s) are consistent with RD Instructions, the RD Letter of Conditions and other obligating documents. Amortization schedules and maturity dates should be checked very carefully.
8. Certification of Payment. If RD loan proceeds will be used to retire interim indebtedness, the Applicant must provide RD with written statements in accordance with RD Instruction 1942-A, §1942.17(n)(2) [7 C.F.R. §1942.17].

9. Examination of Executed Bond(s). The Area Specialist should examine the executed original Bond(s) at the closing to determine the following:

- a. That the repayment and other terms of the Bond(s) are consistent with the RD Letter of Conditions and the obligating documents.
- b. That the Bond(s) has been fully executed by the proper officials of the Applicant as recited on the face of the Bond(s)
- c. That the persons executing the Bond(s) are officials of the Applicant as shown on the General Incumbency Certificate.
- d. That the Applicant's seal is on the Bond(s).
- e. That any authentication certificate contained on the Bond(s) has been properly executed.
- f. That the Bond(s) is fully registered in the name of the United States of America/ Rural Development.
- g. That the place of payment shown on the face of the Bond is correct and administratively acceptable.
- h. That the Bond(s) is dated the date of closing.

10. Dates, Seals and Signatures. All certifications and opinions furnished by the Applicant, Local Counsel or Bond Counsel should be dated as of the date of Loan Closing. Wherever appropriate, the seal of the Applicant should be impressed on materials being furnished by the Applicant. Bond transcript items "b," "i," "k," and "m" listed below should be manually-executed originals. For the remaining Bond transcript documents, an original manual attestation by the Applicant's Clerk or Secretary will suffice.

11. Bond Transcript. A bond transcript should be compiled by Bond Counsel in accordance with the requirements contained in RD Instructions 1942-A, §1942.19(c) [7 C.F.R. §1942.19]. Confirm that the bond transcript contains each of the following items:

- a. Certified copies of all organizational documents, i.e., special acts, charter, by-laws.
- b. General Incumbency Certificate (may sometimes be referred to as Signature Certificate)
- c. Certified copies of minutes or excerpts therefrom of all meetings of the Applicant's governing body at which action was taken in connection with the authorization and issuance of the Bond(s).
- d. Certified copies of documents evidencing that the Applicant has complied fully with all statutory requirements incident to the calling and holding of a favorable bond election unless Bond Counsel advises you this is not applicable.
- e. Certified documents evidencing that the Applicant has complied fully with all statutory requirements incident to advertising the consideration and/or adoption of the bond ordinance unless Bond Counsel advises you that this is not applicable.
- f. Certified copies of the resolutions or ordinances or other documents, such as the bond authorizing resolution or ordinance and any resolution establishing rates and regulating the use of the improvements, if such documents are not included in the minutes furnished.

- g. Copies of official Notice of Sale and Affidavit of Publication of Notice of Sale unless Bond Counsel advises you that this is not applicable.
- h. Specimen Bond (of each denomination), with any attached coupons.
- i. No Litigation Certificate of Local Counsel (See Item 12 below)
- j. Certified copies of resolutions or other documents pertaining to the award of the Bond(s).
- k. Non-Arbitrage Certificate.
- l. Any additional or supporting documents required by Bond Counsel.
- m. Preliminary approving opinion, if any, and final unqualified approving opinion of Bond Counsel, including opinion regarding interest on bonds being exempt from Federal and any State income taxes.

Any omissions from the Bond transcript should be supplied by the Rural Development Specialist with the assistance of the Applicant and Bond Counsel. Obviously, certain of the documents listed above will normally be delivered prior to the closing.

- 12. Attorney's No-Litigation Certificate. Local Counsel should deliver a manually-executed original attorney's no-litigation certificate dated the date of closing.
- 13. Evidence of Title. In all cases, confirm that Local Counsel has supplied RD with his or her title opinion regarding the sites for any project structures such as treatment plants and community buildings. The opinion should be on Form RD 1927-10 with any changes necessary to reflect the circumstances of this financing. In the case of utility-type financings, confirm that executed Form RD 442-21 and 442-22 concerning rights-of-way are also in the docket. Any title exceptions should either be removed prior to closing or be specifically cleared through OGC.
- 14. Additional Instructions. OGC will normally issue additional closing instructions on a case-by-case basis containing special requirements for specific loans. The District Director should review the Closing Instructions prepared by OGC relating to the specific case and close the loan in accordance with those instructions.

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Council

OF THE Town of Harrisville

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Town of Harrisville

(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of Five Hundred Thirty-Eight Thousand

pursuant to the provisions of Chapter 8 Article 19, West Virginia Code; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 432,300.00

under the terms offered by the Government; that the Mayor

and Recorder of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 5 Nays 0 Absent 0

IN WITNESS WHEREOF, the Council of the

Town of Harrisville has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 13th day of August 2013

(SEAL)

Attest:

Ronda White
 Ronda White
 Title Recorder

Town of Harrisville

By Alan R. Haught
 Alan R. Haught
 Title Mayor

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Recorder of the Town of Harrisville
hereby certify that the Town Council of such Association is composed of
5 members, of whom, 5 constituting a quorum, were present at a meeting thereof duly called and
held on the 13th day of August, 2013; and that the foregoing resolution was adopted at such meeting
by the vote shown above, I further certify that as of July 25, 2014,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
rescinded or amended in any way.

Dated, this 25th day of July, 2014



Ronda K. White

Title Recorder

Council

August 13, 2013

7:30 P.M.

The Council for the Town of Harrisville met in Regular Session Tuesday, August 13, 2013, at 7:30 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Barbara Lowther, Jeffrey Hardman, Richard Kerns, Paul Beall, and David Lamm, also Kenna Davis, and Police Chief Mark Lamp.

The Mayor called the meeting to order and the minutes of the July 09, 2013 meeting were approved as presented.

Requests to be on the Agenda:

There were no requests to be on the Agenda this month.

Mayor's Report:

Sanitary Board; met earlier this evening the operator reported that the plant and tests were good. There have been no major problems this month, but the additional rain is playing havoc with the sewer plant. The Sanitary Board is in search of an engineer to set on the board. There has been one pump repaired for the Hughes River Lift Station, and another pump is at the shop for the oxidation ditch.

Hughes River Water Board; met yesterday the operator reported the plant was running good and no major problems have occurred this month other than the high turbidity which has caused the chemical usage to double.

Wastewater System Improvements; The DOH permit has finally been obtained and as soon as a paper copy is provided to USDA, that agency can begin to establish an authorization to bid. We are hopeful that USDA might know more by the time of the August 21 phone conference for this project. Since the PSC approval is expected by October 23, 2013, the Town can advertise this immediately upon USDA RD authorization to do so, since it will not be able to close any sooner than that date.

Chevaux de Frise Water Extension; The Town has received its Letter of Conditions, on August 9. This means that the project is now fully funded. Cerrone Associates has completed plans and specifications in full and have submitted permits to the Town for signature and payment of certain permit fees. As soon as we receive these from the Town, we will submit permits for this project. In the meantime, your legal counsel should be working on the easement documents based on a schedule of easements we provided last month. As soon as there are easement forms to work with, our office will begin the process of securing easements. Cerrone is also confirming if the Town will need a Rule 42 exhibit based on the 20123 PSC report, since this project must submit an application for binding commitment to the WVIJDC which will be reviewed well after the September 30 traditional deadline. If so, your accountant will need to wait until this report is available prior to performing a Rule 42. Once this is complete, we assume that enough easements will be acquired so that the Town can immediately submit a binding commitment application with IJDC.

Sidewalk Project; The paperwork is still in the hands of the DOH and they still haven't approved it due to them being backed up with projects.

Superintendants Report; was submitted written and included twenty-six (26) items.

Police Report; was submitted written and included eighteen (18) calls for the month of July. The Police Chief went through four quotes he had obtained on different police vehicles with Council there was some discussion about the quotes and the vehicles and accessories.

Vote: Lamm made a motion to purchase the 2014 Ford Taurus AWD, Kerns seconded the motion, which carried by four in favor and one abstain.

Old Business:

Lighting at Park; The lights for the walking trail have been ordered and received the Town now needs to find someone to install them. The Recorder will get in touch with Gene Hearne and see if he will have time to install the lights around the walking trail.

Property Cleanup Ordinances; This topic was brought up at last month's Council meeting. Nothing new has been found on the problem yet but the Chief is working on finding a solution. The Chief did say that there may be a way to enforce the ordinance he will speaking with the prosecuting attorney about it in the near future.

Hydrants; The boy scout, Grant Lipscomb, that is trying to get his eagle scout has started painting the hydrants around town.

Retirement for Employees; Council Member Kerns explained to Council that he had followed up on some of the scenerios for the retirement program. He spoke to a John Fisher about the 457 Plan that works like a 401K. Council Member Kerns said Mr. Fisher would like to come to a meeting to explain how the program works. Some discussion held about the subject and Council was in agreement that Council Member Kerns should get in touch with Mr. Fisher and have him come to the next Council meeting in September.

New Business:

RUS – Forms for Chevaux De Frise Waterline Project:

The Mayor presented the following Rural Utilities Service Forms to Council for adoption;

Form RD 1940-1	“Request for Obligation of Funds”
RUS Bulletin 1780-12	“Grant Agreement”
RUS Bulletin 1780-27	“Loan Resolution (Public Bodies)
Certification of Compliance	
Form RD 1942-46	“Letter of Intent to Meet Conditions”

As were found in the “Letter of Conditions”. Lamm moved to adopt the stated forms, Lowther seconded the motion, which carried by a unanimous vote.

Chevaux de Frise Water Line Project; The Mayor asked Council for a motion to sign all necessary paperwork that obtains to this project as is standard procedure do to the amount of paperwork that goes along with this type of project. Hardman made the motion for the Mayor to sign all necessary paperwork that goes with the Chevaux de Frise waterline Project, Lamm seconded the motion, which carried by a unanimous vote.

September Council Meeting: The Mayor will be attending the Rural Water Conference at Snowshoe on Sept. 9-11, 2013 so the meeting will need to be rescheduled. The Recorder recommended September 3, 2013 due to the fact that invoices will be past due if we wait until Sept 17, 2013. Council approved the change of the meeting date to September 03, 2013.

Building Permit:

#1349 Roger McDonald 122 Westfall Lane, Porch.

#1351 Chuck Barker 420 Hale St, Enlarging a Building, 50 ft from Right of Way.

#1352 Torbeck Properties 400 E North St., Mobile Home with porches.

Kerns moved to approve the building permits as presented, Lowther seconded the motion which carried by unanimous vote.

Business Licenses:

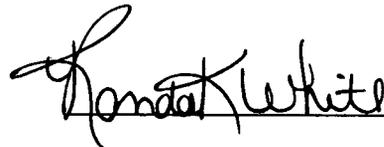
#3612 Leslie Kent 1501 E Main St, "Parker Farm", farmers market.

Lamm moved to approve the business license as presented, Hardman seconded the motion which carried by unanimous vote.

Bills: Lowther moved to approve payment of the invoices as presented, Lamm seconded the motion which carried by unanimous vote.

The Mayor called for further business, none was presented. Lowther moved to adjourn, Kerns seconded the motion which carried by unanimous vote.

The meeting adjourned at 8:14 p.m.


Recorder


Mayor



WEST VIRGINIA

Infrastructure & Jobs Development Council

March 5, 2014

Mayor
Town of Harrisville
P.O. Box 243
1501 E. Main Street
Harrisville, WV 26362

Re: Town of Harrisville
Sewer Project 2012W-1333 (Chevaux de Frise)
IJDC Binding Commitment
(Action Required by March 31, 2014)

Dear Mayor:

The West Virginia Infrastructure and Jobs Development Council (Council) provides this binding offer of an Infrastructure Fund loan (Loan) and an Infrastructure Fund grant (Grant) for the above-referenced Project.

Funding Commitment:
IJDC District 1 Loan (1%, 40 yrs) – \$290,000.00
IJDC District 1 Grant – \$290,000.00

The Loan and Grant will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan and Grant amounts will be established after the Sponsor has received acceptable bids for the Project. The Council will set aside a portion of the Infrastructure Fund to make the Loan and Grant upon the Sponsor's compliance with the program requirements.

If the Sponsor has any questions regarding this commitment, please James W. Ellars at (304) 414-6501 (X107).

Sincerely,

Jason Pizatella

Attachment

cc: Bob Decrease, BPH (*via e-mail*)
Dominick Cerrone, Cerrone Associates (*via e-mail*)
Tim Meeks, Region V P&DC (*via e-mail*)
Samme Gee, Jackson Kelly (*via e-mail*)

NOTE: Please acknowledge receipt below, keep one original, and immediately return one copy to the Infrastructure Council.

TOWN OF HARRISVILLE

By: Ch. R. Haught

Its: Mayor

Date: 03/10/14

IC-1
(07/13)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

TOWN OF HARRISVILLE
(2012W-1333)

(Governmental Agency)

WITNESSETH:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct, is constructing or has constructed such a project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "Council," "governmental agency," "project," "waste water facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

1.5 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.6 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.7 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

1.8 "Local Statute" means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Local Bonds are issued.

1.9 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.10 "Project" means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.11 "System" means the project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.12 Additional terms and phrases are defined in this Loan Agreement as they are used.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

2.4 The Governmental Agency agrees that the Authority and the Council and their duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and the Council and their duly authorized agents and representatives shall, prior to, during and after completion of construction and commencement of

operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority and the Council, acting by and through their directors or their duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and the Council and their agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract and shall verify or have verified such bonds prior to commencement of construction.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate engineering services satisfactory to the Council and the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, the Council and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Council, the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

2.12 The Governmental Agency, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority and Council.

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of the WDA Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

2.14 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall either have received bids or entered into contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan will refund an interim construction financing, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and the Council shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(d) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority and the Council shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, including compliance with Chapter 21, Article 1D of the Code of West Virginia, 1931, as amended, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and the Council shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

(i) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of projects and satisfactory to the Authority and the Council, to such effect, such certificate to be in form and substance satisfactory to the Authority and the Council, and evidence satisfactory to the Authority and the Council of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority, the Council or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental

Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the “Date of Loan Closing.” Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council’s authorization and the Governmental Agency’s fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

Local Bonds; Security for Loan;
Repayment of Loan; Interest on Loan;
Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the “Reserve Account”) was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the “Reserve Requirement”), by depositing in the Reserve

Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

(iv) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

Provided, that if the Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and

maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, advanced from time to time, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and the Council, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xvii) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month. When required by the Authority, the Local Entity shall make monthly payments to the Commission by electronic transfer;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross

income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xxi) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiii) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule B attached to the certificate of the Consulting Engineer. The Governmental Agency shall obtain the written approval of the Council before making any changes to the final Schedule B and also before expending any proceeds of the Local Bonds available due to bid/construction/project underruns;

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to

entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, validity, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority and the Council.

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

Certain Covenants of the Governmental Agency; Imposition and Collection of User Charges; Payments To Be Made by Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and the Council shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and the Council by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

6.2 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.4 The Governmental Agency hereby agrees to give the Authority and the Council prior written notice of the issuance by it of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, if any, may be set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

7.4 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.5 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.6 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.7 This Loan Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

7.9 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its

Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.10 This Loan Agreement shall terminate upon the earlier of:

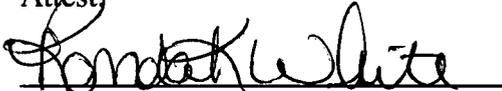
- (i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

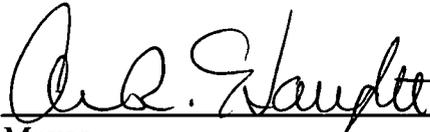
IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

TOWN OF HARRISVILLE

(SEAL)

Attest:


Its: Recorder

By: 
Its: Mayor
Date: July 25, 2014

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

Attest:


Its: Authorized Officer

By: 
Its: Executive Director
Date: July 25, 2014

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule attached hereto as Exhibit A, and my firm¹ has ascertained that all successful bidders have made

¹If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Funding Assistance Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; (xi) the Project was designed and will be constructed in compliance with the provisions of West Virginia Code Chapter 22, Article 29; and (xii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve _____ new customers in the _____ area.

WITNESS my signature and seal on this ____ day of _____, ____.

[SEAL]

By: _____
West Virginia License No. _____

²If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
1009 Bullitt Street
Charleston, WV 25301

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Ladies and Gentlemen:

We are bond counsel to _____ (the
"Governmental Agency"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency, enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Governmental Agency without the consent of the Authority and the Council.

3. The Governmental Agency is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
 Name of Bond Issue(s) _____
 Type of Project _____ Water _____ Wastewater _____
 Fiscal Year _____ Report Month _____

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>	_____	_____	_____	_____
Clean Water SRF	_____	_____	_____	_____
Drinking Water TRF	_____	_____	_____	_____
Infrastructure Fund	_____	_____	_____	_____
Water Development Authority	_____	_____	_____	_____
Rural Utilities Service	_____	_____	_____	_____
Economic Development	_____	_____	_____	_____
Administration	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
4. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

 Name of Person Completing Form

 Address

 Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($\$1,200/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($\$900/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on [Date].

Sinking Fund:

Interest \$

Principal \$

Total: \$

Reserve Account: \$

Witness my signature this ___ day of _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

A. Series B Bonds

Principal Amount of Local Bonds	\$290,000
Purchase Price of Local Bonds	\$290,000

The Local Bonds shall bear interest at a rate of 1% per annum. Commencing December 1, 2015, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall authorize the Commission to electronically debit its monthly payments. The Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

The Local Bonds are fully registered in the name of the Authority as to interest and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Governmental Agency:

- (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000 (the "Series 1994 A Bonds");
- (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000 (the "Series 1994 B Bonds");
- (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000 (the "Series 1999 Bonds");
- (4) Water Revenue Bonds, Series 2008 A, dated August 15, 2008, issued in the original principal amount of \$700,000 (the "Series 2008 A Bonds");
- (5) Water Revenue Bonds, Series 2008 B, dated September 18, 2008, issued in the original principal amount of \$275,000 (the "Series 2008 B Bonds");
- (6) Water Revenue Bonds, Series 2012 A, dated February 3, 2012, issued in the original principal amount of \$220,000 (the "Series 2012 A Bonds"); and
- (7) Water Revenue Bonds, Series 2014 A (United States Department of Agriculture), dated July 25, 2014, issued in the original principal amount of \$538,000 (the "Series 2014 A Bonds").

Number of New Users: 34

Location: Chevaux de Frise area of Ritchie County, West Virginia

The Local Entity shall make monthly payments into the Renewal and Replacement Fund as required by Section 4.1 of this Agreement for at least the term of the Local Bonds.

The Local Entity shall notify the Authority and the Council of any proposed bond indebtedness secured by the revenues of the System.

**SCHEDULE Y
DEBT SERVICE SCHEDULE**

Bond Debt Service					
Town of Harrisville					
IF					
\$290,000					
1% Interest Rate					
40 Years from Closing Date					
		Dated Date	7/25/2014		
		Delivery Date	7/25/2014		
Period Ending	Principal	Coupon	Interest	Debt Service	
12/1/2015	1,534	1.000%	725.00	2,259.00	
3/1/2016	1,538	1.000%	721.17	2,259.17	
6/1/2016	1,542	1.000%	717.32	2,259.32	
9/1/2016	1,546	1.000%	713.47	2,259.47	
12/1/2016	1,550	1.000%	709.60	2,259.60	
3/1/2017	1,553	1.000%	705.73	2,258.73	
6/1/2017	1,557	1.000%	701.84	2,258.84	
9/1/2017	1,561	1.000%	697.95	2,258.95	
12/1/2017	1,565	1.000%	694.05	2,259.05	
3/1/2018	1,569	1.000%	690.14	2,259.14	
6/1/2018	1,573	1.000%	686.21	2,259.21	
9/1/2018	1,577	1.000%	682.28	2,259.28	
12/1/2018	1,581	1.000%	678.34	2,259.34	
3/1/2019	1,585	1.000%	674.39	2,259.39	
6/1/2019	1,589	1.000%	670.42	2,259.42	
9/1/2019	1,593	1.000%	666.45	2,259.45	
12/1/2019	1,597	1.000%	662.47	2,259.47	
3/1/2020	1,601	1.000%	658.48	2,259.48	
6/1/2020	1,605	1.000%	654.47	2,259.47	
9/1/2020	1,609	1.000%	650.46	2,259.46	
12/1/2020	1,613	1.000%	646.44	2,259.44	
3/1/2021	1,617	1.000%	642.41	2,259.41	
6/1/2021	1,621	1.000%	638.36	2,259.36	
9/1/2021	1,625	1.000%	634.31	2,259.31	
12/1/2021	1,629	1.000%	630.25	2,259.25	
3/1/2022	1,633	1.000%	626.18	2,259.18	
6/1/2022	1,637	1.000%	622.09	2,259.09	
9/1/2022	1,641	1.000%	618.00	2,259.00	
12/1/2022	1,645	1.000%	613.90	2,258.90	
3/1/2023	1,649	1.000%	609.79	2,258.79	
6/1/2023	1,653	1.000%	605.66	2,258.66	
9/1/2023	1,658	1.000%	601.53	2,259.53	
12/1/2023	1,662	1.000%	597.39	2,259.39	
3/1/2024	1,666	1.000%	593.23	2,259.23	
6/1/2024	1,670	1.000%	589.07	2,259.07	
9/1/2024	1,674	1.000%	584.89	2,258.89	
12/1/2024	1,678	1.000%	580.71	2,258.71	
3/1/2025	1,683	1.000%	576.51	2,259.51	
6/1/2025	1,687	1.000%	572.30	2,259.30	
9/1/2025	1,691	1.000%	568.09	2,259.09	
12/1/2025	1,695	1.000%	563.86	2,258.86	
3/1/2026	1,700	1.000%	559.62	2,259.62	
6/1/2026	1,704	1.000%	555.37	2,259.37	

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(WDA:LOANS-HARRI14) 2

Bond Debt Service					
Town of Harrisville					
IF					
\$290,000					
1% Interest Rate					
40 Years from Closing Date					
Period Ending	Principal	Coupon	Interest	Debt Service	
9/1/2026	1,708	1.000%	551.11	2,259.11	
12/1/2026	1,712	1.000%	546.84	2,258.84	
3/1/2027	1,717	1.000%	542.56	2,259.56	
6/1/2027	1,721	1.000%	538.27	2,259.27	
9/1/2027	1,725	1.000%	533.97	2,258.97	
12/1/2027	1,729	1.000%	529.65	2,258.65	
3/1/2028	1,734	1.000%	525.33	2,259.33	
6/1/2028	1,738	1.000%	521.00	2,259.00	
9/1/2028	1,742	1.000%	516.65	2,258.65	
12/1/2028	1,747	1.000%	512.30	2,259.30	
3/1/2029	1,751	1.000%	507.93	2,258.93	
6/1/2029	1,756	1.000%	503.55	2,259.55	
9/1/2029	1,760	1.000%	499.16	2,259.16	
12/1/2029	1,764	1.000%	494.76	2,258.76	
3/1/2030	1,769	1.000%	490.35	2,259.35	
6/1/2030	1,773	1.000%	485.93	2,258.93	
9/1/2030	1,778	1.000%	481.50	2,259.50	
12/1/2030	1,782	1.000%	477.05	2,259.05	
3/1/2031	1,787	1.000%	472.60	2,259.60	
6/1/2031	1,791	1.000%	468.13	2,259.13	
9/1/2031	1,795	1.000%	463.65	2,258.65	
12/1/2031	1,800	1.000%	459.16	2,259.16	
3/1/2032	1,804	1.000%	454.66	2,258.66	
6/1/2032	1,809	1.000%	450.15	2,259.15	
9/1/2032	1,813	1.000%	445.63	2,258.63	
12/1/2032	1,818	1.000%	441.10	2,259.10	
3/1/2033	1,823	1.000%	436.55	2,259.55	
6/1/2033	1,827	1.000%	432.00	2,259.00	
9/1/2033	1,832	1.000%	427.43	2,259.43	
12/1/2033	1,836	1.000%	422.85	2,258.85	
3/1/2034	1,841	1.000%	418.26	2,259.26	
6/1/2034	1,845	1.000%	413.66	2,258.66	
9/1/2034	1,850	1.000%	409.04	2,259.04	
12/1/2034	1,855	1.000%	404.42	2,259.42	
3/1/2035	1,859	1.000%	399.78	2,258.78	
6/1/2035	1,864	1.000%	395.13	2,259.13	
9/1/2035	1,869	1.000%	390.47	2,259.47	
12/1/2035	1,873	1.000%	385.80	2,258.80	
3/1/2036	1,878	1.000%	381.12	2,259.12	
6/1/2036	1,883	1.000%	376.42	2,259.42	
9/1/2036	1,887	1.000%	371.72	2,258.72	
12/1/2036	1,892	1.000%	367.00	2,259.00	
3/1/2037	1,897	1.000%	362.27	2,259.27	
6/1/2037	1,902	1.000%	357.53	2,259.53	
9/1/2037	1,906	1.000%	352.77	2,258.77	
12/1/2037	1,911	1.000%	348.01	2,259.01	
3/1/2038	1,916	1.000%	343.23	2,259.23	

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(WDA:LOANS-HARRI14) 3

Bond Debt Service					
Town of Harrisville					
IF					
\$290,000					
1% Interest Rate					
40 Years from Closing Date					
	Period Ending	Principal	Coupon	Interest	Debt Service
	6/1/2038	1,921	1.000%	338.44	2,259.44
	9/1/2038	1,925	1.000%	333.64	2,258.64
	12/1/2038	1,930	1.000%	328.82	2,258.82
	3/1/2039	1,935	1.000%	324.00	2,259.00
	6/1/2039	1,940	1.000%	319.16	2,259.16
	9/1/2039	1,945	1.000%	314.31	2,259.31
	12/1/2039	1,950	1.000%	309.45	2,259.45
	3/1/2040	1,955	1.000%	304.57	2,259.57
	6/1/2040	1,959	1.000%	299.69	2,258.69
	9/1/2040	1,964	1.000%	294.79	2,258.79
	12/1/2040	1,969	1.000%	289.88	2,258.88
	3/1/2041	1,974	1.000%	284.96	2,258.96
	6/1/2041	1,979	1.000%	280.02	2,259.02
	9/1/2041	1,984	1.000%	275.07	2,259.07
	12/1/2041	1,989	1.000%	270.11	2,259.11
	3/1/2042	1,994	1.000%	265.14	2,259.14
	6/1/2042	1,999	1.000%	260.16	2,259.16
	9/1/2042	2,004	1.000%	255.16	2,259.16
	12/1/2042	2,009	1.000%	250.15	2,259.15
	3/1/2043	2,014	1.000%	245.13	2,259.13
	6/1/2043	2,019	1.000%	240.09	2,259.09
	9/1/2043	2,024	1.000%	235.04	2,259.04
	12/1/2043	2,029	1.000%	229.98	2,258.98
	3/1/2044	2,034	1.000%	224.91	2,258.91
	6/1/2044	2,039	1.000%	219.83	2,258.83
	9/1/2044	2,044	1.000%	214.73	2,258.73
	12/1/2044	2,050	1.000%	209.62	2,259.62
	3/1/2045	2,055	1.000%	204.49	2,259.49
	6/1/2045	2,060	1.000%	199.36	2,259.36
	9/1/2045	2,065	1.000%	194.21	2,259.21
	12/1/2045	2,070	1.000%	189.04	2,259.04
	3/1/2046	2,075	1.000%	183.87	2,258.87
	6/1/2046	2,080	1.000%	178.68	2,258.68
	9/1/2046	2,086	1.000%	173.48	2,259.48
	12/1/2046	2,091	1.000%	168.27	2,259.27
	3/1/2047	2,096	1.000%	163.04	2,259.04
	6/1/2047	2,101	1.000%	157.80	2,258.80
	9/1/2047	2,107	1.000%	152.55	2,259.55
	12/1/2047	2,112	1.000%	147.28	2,259.28
	3/1/2048	2,117	1.000%	142.00	2,259.00
	6/1/2048	2,122	1.000%	136.71	2,258.71
	9/1/2048	2,128	1.000%	131.40	2,259.40
	12/1/2048	2,133	1.000%	126.08	2,259.08
	3/1/2049	2,138	1.000%	120.75	2,258.75
	6/1/2049	2,144	1.000%	115.40	2,259.40
	9/1/2049	2,149	1.000%	110.04	2,259.04
	12/1/2049	2,154	1.000%	104.67	2,258.67

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(WDA:LOANS-HARRI14) 4

Bond Debt Service					
Town of Harrisville					
IF					
\$290,000					
1% Interest Rate					
40 Years from Closing Date					
Period Ending	Principal	Coupon	Interest	Debt Service	
3/1/2050	2,160	1.000%	99.29	2,259.29	
6/1/2050	2,165	1.000%	93.89	2,258.89	
9/1/2050	2,171	1.000%	88.47	2,259.47	
12/1/2050	2,176	1.000%	83.05	2,259.05	
3/1/2051	2,182	1.000%	77.61	2,259.61	
6/1/2051	2,187	1.000%	72.15	2,259.15	
9/1/2051	2,192	1.000%	66.68	2,258.68	
12/1/2051	2,198	1.000%	61.20	2,259.20	
3/1/2052	2,203	1.000%	55.71	2,258.71	
6/1/2052	2,209	1.000%	50.20	2,259.20	
9/1/2052	2,214	1.000%	44.68	2,258.68	
12/1/2052	2,220	1.000%	39.14	2,259.14	
3/1/2053	2,226	1.000%	33.59	2,259.59	
6/1/2053	2,231	1.000%	28.03	2,259.03	
9/1/2053	2,237	1.000%	22.45	2,259.45	
12/1/2053	2,242	1.000%	16.86	2,258.86	
3/1/2054	2,248	1.000%	11.25	2,259.25	
6/1/2054	2,253	1.000%	5.63	2,258.63	
	290,000		60,164.50	350,164.50	

SCHEDULE Z

(None)

**AN ORDINANCE OF THE COUNCIL OF THE TOWN OF HARRISVILLE ESTABLISHING
AND FIXING RATES, CHARGES, AND DELAYED PENALTY CHARGES FOR WATER
SERVICE FOR CUSTOMERS OF THE WATER SYSTEM OF THE TOWN OF
HARRISVILLE, RITCHIE COUNTY, WEST VIRGINIA**

WHEREAS, the Town of Harrisville, Ritchie County, West Virginia, at the present operates a municipal water system in accordance with the provisions of Section 1 of Article 19 of Chapter 8 of the Code of West Virginia 1931, as amended; and,

WHEREAS, the Council of the said Town of Harrisville, has determined that the rates presently being charged for water service from said municipal water system are not adequate to defray the total cost of operation thereof; and,

WHEREAS, the Council of the said Town of Harrisville, being the governing body thereof, determines that the schedule of charges set forth in this ordinance are just, reasonable, applied without unjust discrimination or preference and based primarily upon the cost of providing services; now, therefore,

BE IT ORDAINED by the Council of the Town of Harrisville, as follows:

ARTICLE I: Statutory Authority, Findings and Determinations

SECTION 1. This ordinance is enacted pursuant to the provisions and requirements of Section 13 of Article 13 of Chapter 8 of the Code of West Virginia of 1931, as amended, and all other applicable provisions of law.

SECTION 2. It is hereby found, determined and declared that the rates now in existence for the furnishing of water service are not adequate to pay for the cost of water for the Town of Harrisville, and operation and maintenance of water facilities, to provide adequate depreciation fund and to make other payments which are required by ordinance and the hereinafter established rates, charges, and delay penalty charges are just, reasonable, applied without unjust discrimination or preference and based primary upon the cost of providing service.

**ARTICLE II: Establishing and fixing rates, charges, and delayed penalty
charges for Water Service**

Ordinance Section 21-2 (c) of the Harrisville Municipal Code, passed February 14, 2006, is hereby repealed and replaced with the following provisions to-wit:

SECTION 1. The following rates, charges, and delayed penalty charges shall be and there are hereby fixed and determined as the rates, charges, and delayed penalty charges to be charged customers of the water system for the Town of Harrisville throughout the entire territory served.

SCHEDULE I

SECTION 2. (a) Applicability: Applicable to all customers except those on the Route 31, Pullman and Washburn Water Extensions.

(b) Availability of Service: Available for residential and commercial purposes.

(c) Rates:

First	2,000 gallons used per month	\$ 8.54 per thousand gallons
Next	4,000 gallons used per month	\$ 7.01 per thousand gallons
Next	4,000 gallons used per month	\$ 5.40 per thousand gallons
Next	10,000 gallons used per month	\$ 4.33 per thousand gallons
Over	20,000 gallons used per month	\$ 3.28 per thousand gallons

1. **MINIMUM CHARGE** No bill will be rendered for metered service for less than the following amounts, according to the size of meter installed.

5/8	inch meter	\$ 17.09 per month
3/4	inch meter	\$ 25.63 per month
1	inch meter	\$ 42.72 per month
1 1/2	inch meter	\$ 85.45 per month
2	inch meter	\$ 136.71 per month
3	inch meter	\$ 256.34 per month
4	inch meter	\$ 427.23 per month
6	inch meter	\$ 854.46 per month
8	inch meter	\$ 1,364.14 per month

2. **TAP FEE** A tap fee of \$300.00 will be charged to all new customers requesting service.

3. **DELAYED PAYMENT PENALTY:** The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount

unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

4. **RETURNED CHECK FEE:** The customer will pay a \$15.00 fee on any check returned for insufficient funds.
5. **DISCONNECTION:** If any bill is not paid within 30 days after the date of the mailing thereof, water service to the customer will be discontinued; provided, however, that at least 24 hours before the discontinuation of water service, a notice of such discontinuation shall be personally served upon the customer by any policeman of the town of Harrisville, or the Mayor or any member of Council or Clerk, or the same shall be posted in a prominent place upon the premises served. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge shall be paid.
6. **DISCONNECT/RECONNECT CHARGES:** There will be a fee of \$20.00 to be charged whenever the supply of water is turned off for violation of rules, non-payment of bills, or fraudulent use of water.
7. **MULTIPLE OCCUPANCY:** The operators of apartment buildings or other multiple occupancy buildings may require separate metering for each unit therein. Alternatively, buildings may be provided with a master meter, in which case the charge for water service shall be the actual charge for water used according to the schedule set forth herein.
8. **TRAILER COURTS:** The operators of house trailer courts may require separate metering for each site upon which a house trailer may be set. Alternatively, house trailer courts may be provided with a master meter, in which case the charge for water services to such house trailer court shall be the actual charge for water used according to the schedule set forth herein. House trailers, as used herein shall include both mobile and immobile units.
9. **INCREMENTAL COST OF WATER:** \$2.08 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.
10. **DISCONNECT/RECONNECTION CHARGES:** That there will be a fee of ten dollars (\$10.00) shut-off/turn-on charge, payable in advance or at such time that service is restored. This is for disconnection/reconnection requested by the customer.

SCHEDULE 2

APPLICABILITY: Applicable to all customers on the Route 31, Pullman, and Washburn Water Extensions.

AVAILABILITY OF SERVICE: Available for residential and commercial purposes.

RATES:

First	2,000 gallons used per month	\$ 15.52 per 1,000 gallons
Next	4,000 gallons used per month	\$ 13.84 per 1,000 gallons
Next	4,000 gallons used per month	\$ 12.06 per 1,000 gallons
Next	10,000 gallons used per month	\$ 10.88 per 1,000 gallons
Over	20,000 gallons used per month	\$ 9.70 per 1,000 gallons

MINIMUM CHARGE:

No bill will be rendered for metered service for less than the following amounts, according to the size of the meter installed.

5/8	inch meter	\$ 31.05	per month
3/4	inch meter	\$ 46.57	per month
1	inch meter	\$ 77.62	per month
1 1/2	inch meter	\$ 155.24	per month
2	inch meter	\$ 248.39	per month
3	inch meter	\$ 465.72	per month
4	inch meter	\$ 776.21	per month
6	inch meter	\$ 1,552.41	per month
8	inch meter	\$ 2,483.86	per month

TAP FEE: The following charge is to be made whenever the utility installs a new tap to serve an applicant. A tap fee of \$ 300.00 will be charged to all customers who apply for service outside of a certificate proceeding for each new tap to the system.

DELAYED PAYMENT PENALTY: The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RETURNED CHECK FEE: The customer will pay a \$15.00 fee on any check returned for insufficient funds.

DISCONNECTION: If any bill is not paid within 30 days after the date of the mailing thereof, water service to the customer will be discontinued; provided, however, that at least 24 hours before the discontinuation of water service, a notice of such discontinuation shall be personally served upon the customer by any policeman of the town of Harrisville, or the Mayor or any member of Council or Clerk, or the same shall be posted in a prominent place upon the premises served. Water service

of the town of Harrisville, or the Mayor or any member of Council or Clerk, or the same shall be posted in a prominent place upon the premises served. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge shall be paid.

DISCONNECT/RECONNECT CHARGES: There will be a fee of \$20.00 to be charged whenever the supply of water is turned off for violation of rules, non-payment of bills, or fraudulent use of water.

MULTIPLE OCCUPANCY: The operators of apartment buildings or other multiple occupancy buildings may require separate metering for each unit therein. Alternatively, buildings may be provided with a master meter, in which case the charge for water service shall be the actual charge for water used according to the schedule set forth herein.

TRAILER COURTS: The operators of house trailer courts may require separate metering for each site upon which a house trailer may be set. Alternatively, house trailer courts may be provided with a master meter, in which case the charge for water services to such house trailer court shall be the actual charge for water used according to the schedule set forth herein. House trailers, as used herein shall include both mobile and immobile units.

INCREMENTAL COST OF WATER: \$2.08 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

DISCONNECT/RECONNECTION CHARGES: That there will be a fee of ten dollars (\$10.00) shut-off/turn-on charge, payable in advance or at such time that service is restored. This is for disconnection/reconnection requested by customer.

SECTION 3. That the rate or schedule, charges or delayed payment charges established and affixed herein shall be effective for all water services provided after March 21, 2014.

SECTION 4. All ordinance, resolutions, or orders or parts thereof in conflict with the provision of this ordinance are, to the extent of such conflict, hereby repealed effective on the 21st day of March, 2014.

SECTION 5. The Mayor of the Town of Harrisville is hereby authorized and directed to have prepared and filed with the Public Service Commission of West Virginia, the water service rate as herein ordained and to perform all acts required by the statutes and the Laws of the State and the Rules and Regulations of the Public Service Commission of West Virginia pertaining to municipal water rights.

SECTION 6. The Clerk is hereby authorized and directed to make monthly bills to all customers of the water system in accordance with the schedule of rates set forth herein for water service provided after March 21, 2014.

SECTION 7. If any provisions hereof shall be invalidated by any Court or regulatory agency having jurisdiction, such shall be severable and the remainder of this ordinance shall remain in full force and effect until such court or agency finds that the purposes hereof would be substantially frustrated by such severance.

DATE OF FIRST READING: Jan. 14, 2014

ACTION OF FIRST READING: Accepted As Read

DATE OF SECOND READING: Feb. 04, 2014

ACTION OF SECOND READING: Adopted



ALAN R. HAUGHT

Mayor of the Town of Harrisville


Recorder

AN ORDINANCE OF THE COUNCIL OF THE TOWN OF HARRISVILLE INCREASING THE WATER RATES OF SCHEDULE 1 AND SCHEDULE 2 BY 5.75%.

WHEREAS, the Town of Harrisville, Ritchie County, West Virginia, at present operates a Municipal Water System in accordance with the provisions of Section I of Article 19 of Chapter 8 of the Code of West Virginia 1931, as amended; and,

WHEREAS, the Council of the Town of Harrisville has determined that the rates presently being charged for Water service from such municipal Water system are not adequate to defray the total cost of operation thereof; and,

WHEREAS, the Council of the said Town of Harrisville, being the governing body thereof, determines that the schedule of charges set forth in this ordinance are just, reasonable, applied without unjust discrimination or preference and based primarily upon the cost of providing services; now, therefore,

BE IT ORDAINED by the Council of the Town of Harrisville as follows:

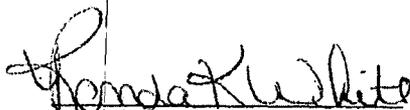
COMMODITY CHARGE: Each customer of the Water System under Schedule 1 and Schedule 2 shall have their rates increased by 5.75%, effective on the 21st day of March, 2014.

DATE OF FIRST READING: JANUARY 14, 2014
ACTION OF FIRST READING: Accepted as Read

DATE OF SECOND READING: FEBRUARY, 04, 2014
ACTION OF ^{Second} FIRST READING: Adopted



Alan R. Haught, Mayor of the Town
Of Harrisville



Recorder

SCHEDULE 1

APPLICABILITY

Applicable to all customers except those on the Route 31 Water Line Extension.

AVAILABILITY OF SERVICE

Available for residential and commercial purposes.

(I) **RATES** (customers with metered water supply)

First	2,000 gallons used per	\$	8.54	per 1,000 gallons
Next	4,000 gallons used per	\$	7.01	per 1,000 gallons
Next	4,000 gallons used per	\$	5.40	per 1,000 gallons
Next	10,000 gallons used per	\$	4.33	per 1,000 gallons
All Over	20,000 gallons used per	\$	3.28	per 1,000 gallons

(I) **MINIMUM CHARGE**

No bill will be rendered for metered service for less than the following amounts, according to the size of meter installed.

5/8 inch meter	\$	17.09	per month
3/4 inch meter	\$	25.63	per month
1 inch meter	\$	42.72	per month
1 1/2 inch meter	\$	85.45	per month
2 inch meter	\$	136.71	per month
3 inch meter	\$	256.34	per month
4 inch meter	\$	427.23	per month
6 inch meter	\$	854.46	per month
8 inch meter	\$	1,367.14	per month

SCHEDULE 2

APPLICABILITY

Applicable to all customers on the Route 31 Pullman and Washburn Water Extensions.

AVAILABILITY OF SERVICE

Available for residential and commercial purposes.

(I) RATES (customers with metered water supply)

First	2,000 gallons used per	\$	15.52	per 1,000 gallons
Next	4,000 gallons used per	\$	13.84	per 1,000 gallons
Next	4,000 gallons used per	\$	12.06	per 1,000 gallons
Next	10,000 gallons used per	\$	10.88	per 1,000 gallons
All Over	20,000 gallons used per	\$	9.70	per 1,000 gallons

(I) MINIMUM CHARGE

No bill will be rendered for less than \$ per month which is the equivalent of 2,000 gallons of water.

5/8 inch meter	\$	31.05	per month
3/4 inch meter	\$	46.57	per month
1 inch meter	\$	77.62	per month
1 1/2 inch meter	\$	155.24	per month
2 inch meter	\$	248.39	per month
3 inch meter	\$	465.72	per month
4 inch meter	\$	776.21	per month
6 inch meter	\$	1,552.41	per month
8 inch meter	\$	2,483.86	per month

Council

January 14, 2014

7:30 P.M.

The Council for the Town of Harrisville met in Regular Session Tuesday, January 14, 2014, at 7:30 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Paul Beall, Barbara Lowther, Jeffrey Hardman, Richard Kerns, David Lamm, also Debbie Frederick, Toby McCormick, Carla Worden, Lonnie Richards, Carl Resh, Laura Resh, Dustin Huffman, Stephen Worden, Ren Duvall, Wanda Hissem, Kenna Davis, Julia Hiley, and Chief Mark Lamp.

The Mayor called the meeting to order and the minutes of the December 10, 2013 meeting were approved as presented.

Requests to be on the Agenda:

Stephen Worden – 1% Sales Tax;

Worden passed out a paper telling what questions he had asked Council in November and told Council that he had been in conversations with the Attorney General's Office and that they were looking into the administration of the 1 % municipal tax. Worden believes that people outside of town are being taxed and was asking Council questions pertaining to this development, when the Mayor informed Steve of a letter that was received from the State Tax Department telling the Municipality not to answer any questions about the tax but to inform the customer to call the number given in the letter. None of Council would answer any questions that Worden asked as they deferred to the letter and what they had been advised to do. Worden went on to explain that his complaint wasn't with the Town or the Council but with the way the tax is being administrated and he just asked Council to stay on top of the issue with the State Tax Department.

Mayor's Report:

Sanitary Board; Met earlier this evening, and approved Requisition No.2 and sent it to Council for ratification.

Hughes River Water Board; has not met this month, the meeting will be Jan. 15th at 1:00 pm.

Wastewater System Improvements; The contractor is currently working on blockages that require a road bore on the corner of Harrison and S. Spring. The next area they will concentrate on is the blockage on N Penn Avenue. The Wastewater System Improvements Project closed last month. The Contractor was to have started last week, but adverse weather prevented this from occurring. The Contractor is on site today to begin, tackling some line replacement that requires immediate attention. The bulk of its activities in these winter months, however, will be rehabilitation items that require little to no excavation.

Once the weather stabilizes, the Contractor will employ a full effort to begin on line replacement work. Cerrone Engineers is in the middle of staking out the lines and are approximately a third finished. The work will continue throughout the next two months. The shop drawings review has been completed enough for the Contractor to begin work. Please note that the town may wish to submit a reimbursement request for its design loan interest in the next several months. According to USDA, this may be done several months after closing.

Chevaux de Frise Water Extension; the final Rule 42 has been completed and submitted, based on the Town accepting to incur a small rate increase. The Town should be issuing its first rate ordinance reading tonight, and one next month as well. With this completed, MOVRC can submit the application for Binding Commitment to the WVIJDC. It is recommended that the legal counsel submit the PSC application by mid February, which will dovetail with the IJDC application timing and will begin the clock to be able to advertise the project for bid. Only seven more easements are needed to reach the 80 percent level. These easements will need to be obtained by the time the binding commitment application is before IJDC in late March, and there is no issue with obtaining this. Regarding the USDA requirements to bid, most of these are completed or minor. Assuming the PSC certificate application gets filed next month, we believe this project will be able to be advertised to bid in May.

Sidewalk Project; The engineer has finally heard back from the DOH and should be getting a notice to precede letter in the next week so this project can be put out to bid.

Superintendants Report; was submitted written and included twenty-nine (29) items.

Police Report; was submitted written and included two-hundred seventy-one (271) items for the 2013 year.

Old Business:

457 Plan; A second draft for the matching program was received by the Town for the Town of Harrisville Retirement Matching Program. A copy of the draft was included in each folder for Council to look over. After some discussion and clarification a motion was made by Kerns to accept the Matching Program as proposed, Hardman seconded the motion which carried by a unanimous vote.

New Business:

Budget Revision 2013-14;

The Mayor explained that this budget revision was necessary due to the fact that the Town received a letter from the State Tax Department showing the allotment the Town will be receiving from the 1% Sales Tax. The Mayor also explained that due to some new information from the Billing Software Co. Jayhawk it is essential that the Town purchase new computers so the software can still be used so the breakdown for the expenditures this quarter will be \$3,500

for Retirement Program, \$4,000 for the Computers, \$4,500 for Roof Repair on City Hall, and \$7,000 for Streets. The revision is as follows:

REVENUE:

<u>Account</u>	<u>Description</u>	<u>Increase</u>	<u>Revised Amount</u>
314	Sales Tax	15,500	16,500
395	Emp. Retirement	3,500	3,500

EXPENDITURE:

440	City Hall	12,000	109,499
750	Streets & Highway	7,000	83,429

Kerns moved to approve the budget revision as presented, Lowther seconded the motion which carried by a unanimous vote.

First Reading of Water Rate Ordinance (Supplement); was presented by the Mayor he noted that the increase was purposed by the accountant to keep up with OM&R costs and Debt Service repayment it will be a 5.75% increase based on the Rule 42 that was conducted by Rod Lowe of Bassett and Lowe Accounting. The Mayor read the supplement to the existing rate ordinance. Lamm made the motion to approve the first reading of the supplement to the existing rate ordinance, Kerns seconded the motion which carried by a unanimous vote.

Requisition No. 2 Wastewater System Improvements Project; this requisition is for approval of invoices in the amount of \$16,730.80. This included Bassett & Lowe \$735.00, and Cerrone Associates, Inc. \$15,995.80. Lowther made the motion to accept the requisition as presented, Lamm seconded the motion which carried by a unanimous vote.

Notice of Special Election for Renewal of Municipal Excess Levy; the order for holding a Special Election to renew the Excess Levy for additional funds for streets was presented. This renewal would be for five years beginning July 1, 2014, through July 1, 2018. The proposed levy rate in cents per one-hundred dollars of assessed valuation on each class of property within the Town of Harrisville is: Class I – 6.25 cents, Class II – 12.50 cents and Class IV – 25.00 cents. This would raise \$68,771 per year for a total of \$343,855. The renewal of this addition levy shall be submitted to a vote at a special election to be held on the 11th day of March, 2014. Hardman moved to accept the Notice of Special Election for Renewal of Municipal Excess Levy, Lowther seconded the motion which carried by unanimous vote. (A copy of the entire "Notice" is attached to this Minute Record).

Special Election Date; Lamm moved to approve, Tuesday March 11, 2014 as the date for the Special Election for the renewal of the current excess levy now in effect, Kerns seconded the motion which carried by unanimous vote.

February Meeting Date; The Mayor will be out of town on Tuesday February 11, 2014 so the meeting will be changed to February 4, 2014 at 7:30 p.m. as long as there is no objections from Council. No objections were heard.

Building Permit:

#1368 Paul Beall 811 East Main St., 12 X 20 Carport

Hardman moved to approve the building permit as presented, Lowther seconded the motion which carried by four (4) yeas and one (1) abstain

Business License:

#3628 David & Amy Pierce 1101 E Main St. "Dave's Auto Repair of RC, LLC", auto repair

Lamm moved to approve the business license as presented, Beall seconded the motion which carried by a unanimous vote.

Bills: Lowther moved to approve payment of the invoices as presented, Lamm seconded the motion which carried by unanimous vote.

The Mayor called for further business, none was presented. Lowther moved to adjourn, Kerns seconded the motion which carried by unanimous vote.

The meeting adjourned at 8:20 p.m.



Recorder



Mayor

Public Meeting – Water Rate Ordinance

The Mayor called the Public Meeting to order and stated the purpose of the meeting was to hear any comments and/or objections to the water rate ordinance. The first reading of the ordinance was read and approved as presented in January the second reading is tonight. No comments or objections were presented and the Recorder informed Council that no written comments or objections had been received in the office. The Mayor called for further comments, hearing none, he declared the public meeting closed. The public meeting opened at 7:30 p.m. and closed at 7:31 p.m.

Council

February 4, 2014

7:30 P.M.

The Council for the Town of Harrisville met in Regular Session Tuesday, February 4, 2014, at 7:30 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Paul Beall, Barbara Lowther, Jeffrey Hardman, Richard Kerns, David Lamm, also Kenna Davis and Julia Hiley.

The Mayor called the meeting to order and the minutes of the January 14, 2013 meeting were approved as presented.

Requests to be on the Agenda: No requests at this time.

Mayor's Report:

Sanitary Board; Has not met this month, the meeting will be Friday Feb. 9th at 9:30 am.

Hughes River Water Board; has not met this month, the meeting will be Feb. 5th at 1:00 pm.

Wastewater System Improvements; Adverse weather continues to hamper the progress of this project. However, in the last month, the Contractor has tended to emergency repairs. In the meantime, when the temperature moderates, the Contractor will resume with rehabilitation items that require little to no excavation. Once the weather stabilizes, the Contractor will employ a full effort to begin on line replacement work. In the meantime, our office is continuing stake out work and should be on site as early as later this week to perform additional staking out. Please note that the Town may wish to submit a reimbursement request for its design loan interest next month. According to USDA, this may be done several months after closing.

Chevaux de Frise Water Extension; The Town should be passing its second reading of the ordinance for the rate increase tonight. Immediately after that, your legal counsel plans to file the PSC certificate. Simultaneously, the MOVRC will submit the binding commitment request to WVIJDC by February 10 so that it can be approved for its general meeting in early March.

We should comfortably have the needed 80 percent of easements acquired by this time. We anticipate then USDA authorizing this project to bid shortly after that and closing on this project sometime around late May. Please note that there is a phone conference on this project this Friday at 11 am.

Sidewalk Project; There is a pre-bid meeting on Friday Feb 07 at 10:00 am.

Superintendants Report; was submitted written and included eighteen (18) items.

Police Report; was submitted written and included twenty (20) items for the month of January.

Old Business: None presented at this time.

New Business:

Second Reading of Water Rate Ordinance (Supplement); was presented by the Mayor he noted that the increase was purposed by the accountant to keep up with OM&R costs and Debt Service repayment it will be a 5.75% increase and the first reading was approved that month. The Mayor asked for a vote to read the supplement to the existing rate ordinance by title. Hardman made the motion to read the supplement by title, Kerns seconded the motion which carried by a unanimous vote.

Vote: Lamm moved to approve the second reading of the supplement to the water rate ordinance and adopt the ordinance as presented, Lowther seconded the motion which carried by a unanimous vote.

Requisition No. 3 Wastewater System Improvements Project; this requisition is for approval of invoices in the amount of \$96,048.17. This included Pro-Contracting, Inc \$76,629.85, Town of Harrisville \$1,000.00, WV Division of Highways \$1,264.00, and Cerrone Associates, Inc. \$17,154.32. Kerns made the motion to accept the requisition as presented, Lamm seconded the motion which carried by a unanimous vote.

Senate Bill 373; The Mayor wanted to inform Council about some of the bills being introduced to the Senate and House. This bill refers to storage tanks and has been introduced due to the recent chemical spill in Charleston, it already passed the Senate but the House seem to be perusing the bill closely. A passage within the bill states that a fee will be charged to all water suppliers in the state of West Virginia and that the regulating agency will be in charge of determining that fee. Also of interest the Mayor explained to the Council that there are over 900 water systems in West Virginia and over 400 utilities.

Senate Bill 287; The Mayor wanted to inform Council that this bill has also been introduced and it is in regards to the Sanitary Board. This bill exempts a Sanitary Board form having a professional engineer set on the board, as long as an engineer is hired to do the project.

Building Permit: None presented at this time.

Business License: None presented at this time.

Bills: Lowther moved to approve payment of the invoices as presented, Lamm seconded the motion which carried by unanimous vote.

The Mayor called for further business, none was presented. Kerns moved to adjourn, Lowther seconded the motion which carried by unanimous vote.

The meeting adjourned at 7:46 p.m.



Tom White

Recorder



A. R. Haugle

Mayor

AFFIDAVIT OF PUBLICATION

W:28 AM APR 04 2014 PSC EXEC SEC DIV

STATE OF WEST VIRGINIA, COUNTY OF RITCHIE, to-wit:

I, Denise J. Duellay, being first duly sworn upon my oath, do depose and say that I am a member of Ritchie Gazette Publishing Limited Liability Company, publisher of the newspaper entitled RITCHIE GAZETTE AND THE CAIRO STANDARD, a Republican newspaper; that I have been duly authorized by the members of such company to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Harrisville, Ritchie County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality, county, and state; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for the current happenings, announcements, miscellaneous reading materials, advertisements, and other notices; that the annexed notice of:

CHEVAUX DE FRISE

(CIR 1)

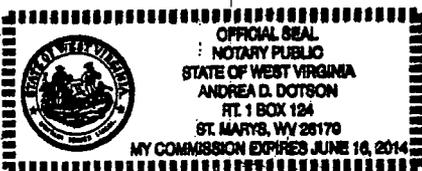
was duly published one week with the 26TH DAY OF MARCH, 2014, issue, and that the cost of publishing said annexed notice was \$460.23.

1s/ Denise J. Duellay, Publisher, Ritchie Gazette & The Cairo Standard

Taken, subscribed and sworn to before me in my said county this 2nd day of April, 2014.

Andrea D. Dotson, Notary Public of Ritchie County, West Virginia

My commission expires June 16, 2014



PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

Entered by the Public Service Commission of West Virginia in the City of Charleston on the 19th day of March 2014.

CASE NO: 14-0368-W-CN

TOWN OF HARRISVILLE

Application for a certificate of convenience and necessity to construct new water lines to the Chevaux de Frise area of Ritchie County.

COMMISSION ORDER

On March 7, 2014, the Town of Harrisville filed a duly verified application for a certificate of convenience and necessity to construct new water lines to the Chevaux de Frise area of Ritchie County.

Pursuant to §24-2-41, W.Va. Code, IT IS ORDERED that the Town of Harrisville give notice of the filing of said application, by publishing a copy of the attached Notice of Filing once in a qualified newspaper as provided in W.Va. Code §56-3-1 et seq., published and of general circulation in counties where service is provided, making due return to this Commission of proper certification of publication within thirty (30) days from the date of publication.

IT IS FURTHER ORDERED that in the absence of substantial protest received within the stated thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with the application and the Commission's review thereof.

A True Copy, Teste; Ingrid Ferrell, Executive Secretary

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

CASE NO: 14-0368-W-CN

TOWN OF HARRISVILLE

Application for a certificate of convenience and necessity to construct new water lines to the Chevaux de Frise area of Ritchie County.

NOTICE OF FILING

On March 7, 2014, the Town of Harrisville (Town) filed a duly verified application for a certificate of convenience and necessity to construct new water lines to the Chevaux de Frise area of Ritchie County.

The project will consist of laying of water lines to thirty-four (34) new customers in the Chevaux de Frise area of Ritchie County West Virginia. There are no other public utilities currently operating water systems in the project area. The new customers in the Chevaux de Frise area will be charged under Schedule 2 of the proposed tariff. The construction contract will be publicly bid and awarded to the lowest responsible bidder.

The application is on file with and available for public inspection at the Public Service Commission 201 Brooks Street, Charleston, West Virginia.

The Town estimates that construction will cost approximately \$1,550,300. It is proposed that the construction costs will be financed by a USDA Grant in the amount of \$432,300, a USDA Loan in the amount of \$538,000, WVJDC Grant in the amount of \$290,000, and a WVJDC loan in the amount of \$290,000.

The Town is not proposing to increase rates due to the cost of the project, but it does anticipate a non-project related rate increase. The Town anticipates charging the following non-project related increased water rates for its customers, which were enacted by Town Council on March 11, 2014, following municipal ordinance procedures:

SCHEDULE 1

APPLICABILITY

Applicable to all customers except those on the Route 31, Pullman and Washburn Water Extensions.

AVAILABILITY OF SERVICE

Available for residential and commercial purposes.

RATES

First 2,000 gallons used per month \$8.54 per thousand gallons
Next 4,000 gallons used per month \$7.01 per thousand gallons

Next 4,000 gallons used per month \$5.40 per thousand gallons
Next 10,000 gallons used per month \$4.33 per thousand gallons
All Over 20,000 gallons used per month \$3.28 per thousand gallons

MINIMUM CHARGE

No bill will be rendered for metered service for less than the following amounts, according to the size of meter installed.

Table with 3 columns: Meter Size, Meter Type, and Monthly Charge. Rows include 5/8 inch meter (\$17.09), 3/4 inch meter (\$25.63), 1 inch meter (\$42.72), 1 1/2 inch meter (\$85.45), 2 inch meter (\$138.71), 3 inch meter (\$258.34), 4 inch meter (\$427.23), and 6 inch meter (\$854.46).

TAP FEE

A tap fee of \$300.00 will be charged to all new customers requesting service.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RETURNED CHECK FEE

The customer will pay a \$15.00 fee on any check returned for insufficient funds.

DISCONNECTION

If any bill is not paid within 30 days after the date of the mailing thereof, water service to the customer will be discontinued; provided, however, that at least 24 hours before the discontinuation of water service, a notice of such discontinuation shall be personally served upon the customer by any policeman of the town of Harrisville, or the Mayor or any member of Council of Elders, or the same shall be posted in a prominent place upon the premises served. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge shall be paid.

RETURNED CHECK FEE

The customer will pay a \$15.00 fee on any check returned for insufficient funds.

DISCONNECTION

If any bill is not paid within 30 days after the date of the mailing thereof, water service to the customer will be discontinued; provided, however, that at least 24 hours before the discontinuation of water service, a notice of such discontinuation shall be personally served upon the customer by any policeman of the town of Hartsville, or the Mayor or any member of Council or Clerk, or the same shall be posted in a prominent place upon the premises served. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge shall be paid.

DISCONNECTION/RECONNECT CHARGES

There will be a fee of \$20.00 to be charged whenever the supply of water is turned off for violation of rules, nonpayment of bills, or fraudulent use of water.

MULTIPLE OCCUPANCY

The operators of apartment buildings or other multiple occupancy buildings may require separate metering for each unit therein. Alternatively, buildings may be provided with a master meter, in which case the charge for water service shall be the actual charge for water used according to the schedule set forth herein.

TRAILER COURTS

The operators of house trailer courts may require separate metering for each site upon which a house trailer may be set. Alternatively, house trailer courts may be provided with a master meter, in which case the charge for water services to such house trailer court shall be the actual charge for water used according to the schedule set forth herein. House trailers, as used herein shall include both mobile and immobile units.

INCREMENTAL COST OF WATER

\$2.08 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

DISCONNECT/RECONNECT CHARGES

That there will be a fee of ten dollars (\$10.00) shut-off/turn-on charge, payable in advance or at such time that service is restored. This is for disconnection/reconnection requested by the customer.

SCHEDULE A

APPLICABILITY

Applicable to all customers on the Route 31, Pullman, and Washburn Water Extensions.

AVAILABILITY OF SERVICE

Available for residential and commercial purposes.

RATES

First	2,000 gallons used per month	\$15.82 per 1,000 gallons
Next	4,000 gallons used per month	\$13.84 per 1,000 gallons
Next	4,000 gallons used per month	\$12.06 per 1,000 gallons
Next	10,000 gallons used per month	\$10.88 per 1,000 gallons
All Over	>20,000 gallons used per month	\$9.70 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for metered service for less than the following amounts, according to the size of the meter installed.

5/8	Inch meter	\$31.05	per month
3/4	Inch meter	\$48.87	per month
1	Inch meter	\$77.82	per month
1-1/2	Inch meter	\$156.24	per month
2	Inch meter	\$248.39	per month
3	Inch meter	\$485.72	per month
4	Inch meter	\$776.21	per month
6	Inch meter	\$1,652.41	per month
8	Inch meter	\$2,483.86	per month

TAP FEES

The following charge is to be made whenever the utility installs a new tap to serve an applicant. A tap fee of \$300.00 will be charged to all customers who apply for service outside of a certificate proceeding for each new tap to the system.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RETURNED CHECK FEE

The customer will pay a \$15.00 fee on any check returned for insufficient funds.

DISCONNECTION

If any bill is not paid within 30 days after the date of the mailing thereof, water service to the customer will be discontinued; provided, however, that at least 24 hours before the discontinuation of water service, a notice of such discontinuation shall be personally served upon the customer by any policeman of the town of Hartsville, or the Mayor or any member of Council or Clerk, or the same shall be posted in a prominent place upon the premises served. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge shall be paid.

DISCONNECT/RECONNECT CHARGES

There will be a fee of \$20.00 to be charged whenever the supply of water is turned off for violation of rules, nonpayment of bills, or fraudulent use of water.

MULTIPLE OCCUPANCY

The operators of apartment buildings or other multiple occupancy buildings may require separate metering for each unit therein. Alternatively, buildings may be provided with a master meter, in which case the charge for water service shall be the actual charge for water used according to the schedule set forth herein.

TRAILER COURTS

The operators of house trailer courts may require separate metering for each site upon which a house trailer may be set. Alternatively, house trailer courts may be provided with a master meter, in which case the charge for water services to such house trailer court shall be the actual charge for water used according to the schedule set forth herein. House trailers, as used shall include both mobile and immobile units.

INCREMENTAL COST OF WATER

\$2.08 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

DISCONNECT/RECONNECT CHARGES

That there will be a fee of ten dollars (\$10.00) shut-off/turn-on charge, payable in advance or at such time that service is restored. This is for disconnection/reconnection requested by customer.

The Town does not have any resale customers.

These rates represent the non-project-related increases that will become effective pursuant to municipal ordinance:

SCHEDULE 1		
	INCREASE(\$)	INCREASE(%)
Residential	\$1.30	5.7%
Commercial	\$3.80	5.7%
Industrial	\$9.04	5.7%

SCHEDULE 2		
	INCREASE(\$)	INCREASE(%)
Residential	\$2.43	5.7%
Commercial	\$7.32	5.7%

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average.

The rate increases non-project-related to the project will produce approximately \$22,800 annually in additional revenue, an increase of 6.7%. These increases have been enacted by the Town Council following municipal ordinance procedures and can be challenged only through a proper petition as set forth in W.Va. Code §24-2-4b.

The Town has no resale customers.

Anyone desiring to protest or intervene in this Certificate proceeding should file a written protest or request to intervene within thirty (30) days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or request to intervene can affect your right to protest aspects of this certificate case or participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or request to intervene. Requests to intervene must comply with the rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and requests to intervene should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

In the absence of substantial protest received within thirty (30) days of this publication, the Commission may waive formal hearing and render its decision based on the evidence submitted with the application and the Commission's review thereof.

09:28 AM APR 04 2014 PSC EXEC SEC DIV

TOWN OF HARRISVILLE

1501 E. Main Street
P.O. Box 243
Harrisville WV 26362

Telephone: (304) 643-4368
Fax: (304) 643-4059
Email: tohvv@zoominternet.net

April 03, 2014

Ingrid Ferrell
Executive Secretary
P.O. Box 812
Charleston WV 25323

RE: Case NO. 14-0368-W- CN

RECEIVED
14 APR -4 AM 9:30
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Dear Ms. Ferrell:

Enclosed is the affidavit of publication showing that the Town gave notice of its filing by publishing a copy of the Notice of Filing once in a qualified newspaper.

If you have any questions or need more information or please contact me at 304-643-2719.

Sincerely,

Ronda White, Recorder
Town of Harrisville

TOWN OF HARRISVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$750,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2014 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$350,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2014 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2014 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF HARRISVILLE:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Bond Legislation. This Ordinance (together with any ordinance or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended, and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings in this Bond Legislation unless the context expressly requires otherwise.

"Act" means Chapter 8, Article 19 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Bond Legislation.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2014 B Bonds, or any

other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council, under the Act.

“Bond Legislation,” “Ordinance” or “Bond Ordinance” means this Bond Ordinance in its present form and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

“Bond Registrar” or “Registrar” means the Issuer, the bank or other entity to be designated as such in this Ordinance or the Supplemental Resolution and its successor and assigns.

“Bonds” means, collectively, the Series 2014 A Bonds, the Series 2014 B Bonds, the Prior Bonds and any Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Bond Legislation.

“Closing Date” means the date upon which there is an exchange of the Series 2014 A Bonds for all or a portion of the proceeds of the Series 2014 A Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and the Regulations.

“Commission” means the West Virginia Municipal Bond Commission or any other agency of the State that succeeds to the functions of the Commission.

“Consulting Engineers” means Cerrone Associates, Inc., Wheeling, West Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

“Cost of Project” or “Costs” means those costs described in Section 1.04 E hereof to be a part of the cost of the acquisition and construction of the Project.

“Council” means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council through its direction to the Authority.

“Depository Bank” means the bank or banks designated as such in the Supplemental Resolution and any successors and assigns, which shall be a member of FDIC.

“Event of Default” means any event or occurrence specified in Section 9.01 hereof.

“FDIC” means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

“Fiscal Year” means each twelve-month period beginning on July 1 and ending on the succeeding June 30.

“Governing Body” means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

“Government” means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2014 A Bonds.

“Government Obligations” means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided that, “Gross Revenues” does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined.

“Independent Certified Public Accountants” means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

“Issuer” means the Town of Harrisville, a municipal corporation and political subdivision of the State in Ritchie County, West Virginia, and, when appropriate, also means the Governing Body thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

“Letter of Conditions” means, collectively, the Letter of Conditions from the Government dated August 2, 2013, and all amendments thereto.

“Loan Agreement” means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2014 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

“Mayor” means the Mayor of the Issuer.

“Net Proceeds” means the face amount of the Series 2014 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in any Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of

proceeds of the Series 2014 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

“Net Revenues” means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereafter defined.

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs); fees and expenses of fiscal agents, depository banks, registrars, paying agents and trustees (other than those capitalized as part of the Costs); payments to pension or retirement funds; taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided that, “Operating Expenses” does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds; charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets; and amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

“Outstanding” when used with reference to Bonds, as of any particular date, describes all such Bonds theretofore and thereupon being authenticated and delivered except (i) any such Bond canceled by the Registrar, at or prior to said date; (ii) any such Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity of any such Bond, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any such Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Registered Owners, any such Bond registered to the Issuer.

“Parity Bonds” means the Parity Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

“Prior Bonds” means the Issuer’s (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000; (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000; (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000; (4) Water Revenue Bonds, Series 2008 A, dated August 15, 2008, issued in the original principal amount of \$700,000; (5) Water Revenue Bonds, Series 2008 B, dated September 18, 2008, issued in the original principal amount of \$275,000; and (6) Water Revenue Bonds, Series 2012 A, dated February 3, 2012, issued in the original principal amount of \$220,000.

“Prior Ordinances” means, collectively, the ordinances of the Issuer enacted August 23, 1994, December 20, 1999, August 12, 2008, September 15, 2008, and September 6, 2011, as supplemented, authorizing the Prior Bonds.

“Project” means the acquisition and construction of certain additions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

“PSC” means the Public Service Commission of West Virginia or any successor to the functions thereof.

“PSC Order” means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

“Qualified Investments” means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;
- (f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;
- (g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase

agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia “consolidated fund” managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least “A” by Moody’s Investor Service, Inc., or Standard and Poor’s Corporation.

“Recorder” means the Recorder of the Issuer.

“Registered Owner” or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

“Regulations” means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

“Renewal and Replacement Fund” means the Renewal and Replacement Fund created by the Prior Ordinance and continued by Section 5.01 hereof.

“Reserve Accounts” means, collectively, the respective Reserve Accounts created for the Series 2014 A Bonds, the Series 2014 B Bonds and the Prior Bonds.

“Reserve Requirements” means, collectively, the respective reserve requirements of the Series 2014 A Bonds, the Series 2014 B Bonds and the Prior Bonds.

“Revenue Fund” means the Revenue Fund created by the Prior Ordinance and continued by Section 5.01 hereof.

“Series 1994 A Bonds” means the Issuer’s Water Revenue Bonds, Series 1994 A, dated August 24, 1994, and issued in the original aggregate principal amount of \$660,000.

“Series 1994 B Bonds” means the Issuer’s Water Revenue Bonds, Series 1994 B, dated August 24, 1994, and issued in the original aggregate principal amount of \$45,000.

“Series 1999 Bonds” means the Issuer’s Water Revenue Bonds, Series 1999, dated December 20, 1999, and issued in the original aggregate principal amount of \$155,000.

“Series 2008 A Bonds” means the Issuer’s Water Revenue Bonds, Series 2008 A, dated August 15, 2008, and issued in the original aggregate principal amount of \$700,000.

“Series 2008 B Bonds” means the Issuer’s Water Revenue Bonds, Series 2008 B, dated September 18, 2008, and issued in the original aggregate principal amount of \$275,000.

“Series 2012 A Bonds” means the Issuer’s Water Revenue Bonds, Series 2012 A, dated February 3, 2012, and issued in the original aggregate principal amount of \$220,000.

“Series 2014 Bonds” means, collectively, the Series 2014 A Bonds and the Series 2014 B Bonds.

“Series 2014 Bonds Construction Trust Fund” means the Series 2014 Bonds Construction Trust Fund created by Section 5.01 hereof.

“Series 2014 A Bonds” means the Water Revenue Bonds, Series 2014 A (United States Department of Agriculture), of the Issuer, authorized by this Ordinance.

“Series 2014 A Bonds Reserve Account” means the Series 2014 A Bonds Reserve Account created by Section 5.02 hereof.

“Series 2014 A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2014 A Bonds in the then current or any succeeding Fiscal Year.

“Series 2014 A Bonds Sinking Fund” means the Series 2014 A Bonds Sinking Fund created by Section 5.03 A (1) hereof.

“Series 2014 B Bonds” means the Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

“Series 2014 B Bonds Reserve Account” means the Series 2014 B Bonds Reserve Account created by Section 5.02 hereof.

“Series 2014 B Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2014 B Bonds in the then current or any succeeding Fiscal Year.

“Series 2014 B Bonds Sinking Fund” means the Series 2014 B Bonds Sinking Fund created by Section 5.03 A (1) hereof.

“Sinking Funds” means, collectively, the Sinking Fund created for the Series 2014 A Bonds, the Series 2014 B Bonds and the Prior Bonds.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution, ordinance or order of the Issuer supplementing or amending this Bond Legislation and when preceded by the article “the,” refers

specifically to the Supplemental Resolution authorizing the sale of the Series 2014 Bonds; provided, that any matter intended by this Bond Legislation to be included in the Supplemental Resolution with respect to the Series 2014 Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by this Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

“System” means the complete existing waterworks system of the Issuer, and shall include the Project and any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

“Tap Fees” means the fees, if any, paid by prospective customers of the System in order to connect thereto.

“West Virginia Infrastructure Fund” means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. Words importing the masculine, feminine or neutral gender include any other gender.

Additional terms and phrases are defined in this Bond Legislation as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this Bond Legislation; and the term “hereafter” means after the date of the enactment of this Bond Legislation.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Bond Legislation so numbered.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2014 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a municipal corporation and political subdivision of the State in Ritchie County of said State. The Issuer presently owns and operates a municipal waterworks system. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by the Government, the Authority and the Council and are on file with the Issuer.

B. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the Government and the Authority.

C. The estimated maximum cost of acquisition and construction of the Project is \$1,550,300, of which an amount of not more than \$750,000 will be obtained from proceeds of the Series 2014 A Bonds, an amount of not more than \$350,000 will be obtained from proceeds of the Series 2014 B Bonds, approximately \$432,300 will be obtained from a grant from the Government and \$290,000 will be obtained from a grant from the Authority.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Bonds, and to make payments into all funds and accounts and other payments provided for in this Bond Legislation.

E. It is deemed necessary for the Issuer to issue the Series 2014 A Bonds in the aggregate principal amount of not more than \$750,000 and the Series 2014 B Bonds in the aggregate principal of not more than \$350,000, to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Series 2014 Bonds prior to and during acquisition or construction of the Project and for a period not to exceed six months after completion of acquisition or construction of the Project; amounts which may be deposited in the Series 2014 Bonds A Reserve Account or the Series 2014 B Bonds Reserve Account, if any; engineering, fiscal and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expenses, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2014 Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2014 Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

F. The period of usefulness of the System after completion of the Project is not less than 40 years.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2014 A Bonds as to liens, pledge and source of and security for payment, being the (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000 (the "Series 1994 A Bonds"); (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000 (the "Series 1994 B Bonds"); (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000 (the "Series 1999 Bonds"); (4) Water Revenue Bonds, Series 2008 A, dated August 15, 2008, issued in the original principal amount of \$700,000 (the "Series 2008 A Bonds"); (5) Water Revenue Bonds, Series 2008 B, dated September 18, 2008, issued in the original principal amount of \$275,000 (the "Series 2008 B Bonds"); and (6) Water Revenue Bonds, Series 2012 A, dated February 3, 2012, issued in the original principal amount of \$220,000 (the "Series 2012 A Bonds"). The Series 1994 A Bonds, the Series 1994 B Bonds, the Series 1999 Bonds, the Series 2008 A Bonds, the Series 2008 B Bonds and the Series 2012 A Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2014 Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2014 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2014 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by the revenues or assets of the System.

H. It is in the best interests of the Issuer that the Series 2014 A Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions and its Series 2014 B Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement in form satisfactory to the Issuer, the Authority and the Council, approved hereby if not previously approved by the Issuer.

I. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement, relating to authorization of the acquisition and construction of the Project, the operation of the System and the issuance of the Series 2014 Bonds, or will have so complied prior to the issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of convenience and necessity from the PSC, the time for rehearing and appeal of which will have expired or will have been waived prior to the issuance of the Series 2014 Bonds.

J. The Project has been approved by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$1,550,300, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the Government, the Authority, the Council and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2014 Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the plan of financing submitted to the Government, the Authority and the Council.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2014 Bonds, funding the Series 2014 A Bonds Reserve Account and the Series 2014 B Bonds Reserve Account, paying the costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, as shall be specified in the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2014 A Bonds and Series 2014 B Bonds of the Issuer. The Series 2014 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2014 A (United States Department of Agriculture)," in the aggregate principal amount of not more than \$750,000, and the Series 2014 B Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund)," in the aggregate principal amount of not more than \$350,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. A. The Series 2014 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2014 A Bonds.

B. The Series 2014 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2014 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2014 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2014 A Bonds shall initially be issued in the form of a single bond, fully registered to the Government, with a record of advances attached, representing the aggregate principal amount of the Series 2014 A Bonds. The Series 2014 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2014 B Bonds, all as provided in the Supplemental Resolution. The Series 2014 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being

exchanged, with principal installments or maturities, as applicable corresponding to the dates of payment of principal installments of said Bonds; provided, that neither the Government nor the Authority shall be obligated to pay any expenses of such exchange.

The Series 2014 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the Series 2014 A Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Bond Legislation, as shall be set forth in the Supplemental Resolution and such Series 2014 A Bond form.

Section 3.03. Execution of Bonds. The Series 2014 Bonds shall be executed in the name of the Issuer by the Mayor and attested by the Recorder, and the seal of the Issuer shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as, at the actual time of the execution of such Bonds, shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Transfer and Registration. The Series 2014 Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, but the Bonds, and the right to principal of and stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books of the Bond Registrar, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2014 Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No registration of transfer of the Series 2014 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Bonds.

The Issuer shall be the Bond Registrar for the Series 2014 A Bonds and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2014 A Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2014 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided. The Issuer shall appoint a bank as the Bond Registrar for the Series 2014 B Bonds in the Supplemental Resolution which shall keep and maintain books for the registration and transfer of the Series 2014 B Bonds. No Series 2014 B

Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation, unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2014 B Bonds shall be conclusive evidence that such Series 2014 B Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2014 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2014 B Bonds issued hereunder.

The Bond Registrar shall accept the Series 2014 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, the Authority, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2014 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2014 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America. The Series 2014 B Bonds shall initially be fully registered as to both principal and interest in the name of the Authority.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2014 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner's furnishing proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Series 2014 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No Registered Owner of the Series 2014 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2014 Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 2014 Bonds shall be secured by a first lien on the Gross Revenues on a parity with the lien on the Gross Revenues in favor of the Registered Owners of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2014 Bonds and the Prior Bonds and to make the payments into all funds and accounts established by this Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Delivery of Bonds. A. The Issuer shall execute and deliver the Series 2014 A Bonds to the Government as soon as the Government will accept such delivery.

B. The Issuer shall execute and deliver the Series 2014 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2014 B Bonds to the original purchasers upon receipt of the documents set forth below:

- (1) If other than the Authority, a list of the names in which the Series 2014 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- (2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2014 B Bonds to the original purchaser;
- (3) An executed and certified copy of the Bond Legislation;
- (4) An executed copy of the Loan Agreement; and
- (5) The unqualified approving opinion of bond counsel on the Series 2014 B Bonds.

Section 3.09. Form of Bonds. The text of the Series 2014 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Bond Legislation or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof:

(FORM OF SERIES 2014 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARRISVILLE
WATER REVENUE BOND, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$_____

FOR VALUE RECEIVED, on this ___ day of _____, 2014, the TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____ DOLLARS (\$_____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 2.75% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$_____, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the

Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); (ii) to capitalize interest on the Bonds; and (iii) to pay certain costs of issuance of this Bond and related costs. The existing waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly adopted by the Issuer on _____, 2014, enacted and effective _____, 2014, and a Supplemental Resolution duly adopted by the Issuer on _____, 2014 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1994 A, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$660,000; (2) WATER REVENUE BONDS, SERIES 1994 B, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$45,000; (3) WATER REVENUE BONDS, SERIES 1999, DATED DECEMBER 20, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$155,000; (4) WATER REVENUE BONDS, SERIES 2008 A, DATED AUGUST 15, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000; (5) WATER REVENUE BONDS, SERIES 2008 B, DATED SEPTEMBER 18, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$275,000; (6) WATER REVENUE BONDS, SERIES 2012 A, DATED FEBRUARY 3, 2012, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$220,000 (COLLECTIVELY, THE "PRIOR BONDS"); AND (7) WATER REVENUE BONDS, SERIES 2014 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED THE DATE HEREOF AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE "SERIES 2014 B BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Gross Revenues in favor of the registered owners of the Prior Bonds, the Series 2014 A Bonds and the Series 2014 B Bonds, and from moneys in the Series 2014 A Bonds Reserve Account created under the Bond Legislation for this Bond and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2014 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 110% of the maximum amount of principal of and interest on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds, the Series 2014 A Bonds and the Series 2014 B Bonds. The Issuer has entered into certain further covenants with the Registered Owners of this Bond, for the terms of which, reference is made to the Bond Legislation. Remedies provided the Registered Owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Recorder of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of acquisition and construction of the Project and the costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the TOWN OF HARRISVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Mayor

ATTEST:

Recorder

EXHIBIT A
RECORD OF ADVANCES

<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>
(1) \$		(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10)\$		(28) \$	
(11)\$		(29) \$	
(12)\$		(30) \$	
(13)\$		(31) \$	
(14)\$		(32) \$	
(15)\$		(33) \$	
(16)\$		(34) \$	
(17)\$		(35) \$	
(18)\$		(36) \$	

Total \$ _____

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____.

In the presence of:

(FORM OF SERIES 2014 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of _____, 2014, the TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20__, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference plus interest on the unpaid principal balance at the rate of 1% per annum.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond are payable by check or draft of the Paying Agent mailed to the Registered Owner (as defined in the hereinafter described Bond Legislation) hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding a payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2014.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly adopted by the Issuer on _____, 2014, enacted and effective _____, 2014, and a Supplemental Resolution duly adopted by the Issuer on _____, 2014 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1994 A, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$660,000; (2) WATER REVENUE BONDS, SERIES 1994 B, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$45,000; (3) WATER REVENUE BONDS, SERIES 1999, DATED DECEMBER 20, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$155,000; (4) WATER REVENUE BONDS, SERIES 2008 A, DATED AUGUST 15, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000; (5) WATER REVENUE BONDS, SERIES 2008 B, DATED SEPTEMBER 18, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$275,000; (6) WATER REVENUE BONDS, SERIES 2012 A, DATED FEBRUARY 3, 2012, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$220,000 (COLLECTIVELY, THE "PRIOR BONDS"); AND (7) WATER REVENUE BONDS, SERIES 2014 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED THE DATE HEREOF, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 2014 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Gross Revenues in favor of the registered owners of the Prior Bonds and the Series 2014 A Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2014 B Bonds Reserve Account") and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any

constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2014 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2014 A Bonds; provided however, that so long as there exists in the Series 2014 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2014 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation) by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the costs of the Project and costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the

Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the TOWN OF HARRISVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2014 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2014.

UNITED BANK, INC., as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$		(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
		TOTAL	\$

EXHIBIT B
DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____, the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer and full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.10. Sale of Bonds. A. The Series 2014 A Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions is hereby approved and specifically incorporated into this Bond Legislation.

B. The Series 2014 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.11. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Government, the Authority and the Council a schedule, the forms of which will be provided by the Government, the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefore.

ARTICLE IV

[Reserved]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued, if previously created by the Prior Ordinance) with and shall be held by the Depository Bank:

- (1) Revenue Fund (created by the Prior Ordinance);
- (2) Renewal and Replacement Fund (created by the Prior Ordinance); and
- (3) Series 2014 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special account is hereby created with and shall be held by the Commission:

- (1) Series 2014 A Bonds Reserve Account;
- (2) Series 2014 B Bonds Sinking Fund; and
- (3) Series 2014 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

- (1) The Issuer shall first, each month, from the moneys in the Revenue Fund,
 - (i) make the interest payment on the Prior Bonds in the amounts and on the dates required by the Prior Ordinance;
 - (ii) commencing on the day which is 30 days following the date of delivery of the Series 2014 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2014 A Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2014 A Bonds; and
 - (iii) remit to the Commission commencing 4 months prior to the first date of payment of interest on the Series 2014 B Bonds, for deposit in the Series 2014 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and become due on the Series 2014 B Bonds on the next ensuing quarterly interest payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2014 B Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the principal payment on the Prior Bonds in the amounts and on the dates required by the Prior Ordinances and the Bond Legislation; (ii) commencing on the day which is 24 months following the date of delivery of the Series 2014 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2014 A Bonds Sinking Fund, the amount of principal set forth in the Series 2014 A Bonds; and (iii) remit to the Commission commencing 4 months prior to the first date of payment of principal of the Series 2014 B Bonds, for deposit in the Series 2014 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal, which will mature and become due on the Series 2014 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2014 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form, together with a copy of its payment check to the Authority by the 5th day of such calendar month.

The deposits into the Series 2014 A Bonds Sinking Fund provided in this paragraph and in Section 5.03 A(1) above, constitute actual payments of principal of and interest on the Series 2014 A Bonds to the Government.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments into the Reserve Accounts for the Prior Bonds in the amount and on the dates required by the Prior Ordinances; (ii) commencing on the day which is 24 months following the date of delivery of the Series 2014 A Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2014 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2014 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2014 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2014 A Bonds Reserve Requirement; and (iii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2014 B Bonds, for deposit in the Series 2014 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2014 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2014 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2014 B Bonds Reserve Requirement.

(4) The Issuer shall next, each month, pay from the Revenue Fund, all current Operating Expenses of the System.

(5) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the payments into the Renewal and Replacement Fund in an amount equal to 2 ½% of the Gross Revenues each month, exclusive of any payments for account of the Reserve Account. All

funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2014 A Bonds Sinking Fund and Series 2014 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest on the Series 2014 A Bonds and Series 2014 B Bonds, respectively, as the same shall become due. Moneys in the Series 2014 A Bonds Reserve Account and Series 2014 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2014 A Bonds and the Series 2014 B Bonds, respectively, as the same shall come due, when moneys in the Series 2014 A Bonds Sinking Fund or Series 2014 B Bonds Sinking Fund, respectively, are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2014 A Bonds Reserve Account (if fully funded at the Series 2014 A Bonds Reserve Requirement), the Series 2014 B Bonds Sinking Fund and the Series 2014 B Bonds Reserve Account (if fully funded at the Series 2014 B Bonds Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2014 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2014 A Bonds and Series 2014 B Bonds, respectively, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2014 A Bonds Reserve Account or the Series 2014 B Bonds Reserve Account which result in a reduction in the balance of such account to an amount below the Series 2014 A Bonds Reserve Requirement or the Series 2014 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2014 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2014 Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2014 A Bonds Reserve Account, the Series 2014 B Bonds Reserve Account and the

Series 2014 B Bonds Sinking Fund created hereunder, and all amounts required for such account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Government or the Authority, the Issuer shall make the necessary arrangements whereby required payments into the Series 2014 A Bonds Reserve Account, the Series 2014 B Bonds Reserve Account and the Series 2014 B Bonds Sinking Fund shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2014 A Bonds Reserve Account, the Series 2014 B Bonds Reserve Account and the Series 2014 B Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Series 2014 A Bonds Sinking Fund, the Series 2014 A Bonds Reserve Account, the Series 2014 B Bonds Sinking Fund and the Series 2014 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2014 A Bonds and the Series 2014 B Bonds, respectively, Outstanding under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) remit to the Commission the required principal, interest and reserve account payments and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form, together with a copy of its payment check to the Authority by the 5th day of such calendar month.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the System.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Depository Bank, or the Government, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges then due. If required by the Government or the Authority, the Issuer shall make the necessary arrangements whereby payments to the Commission or the Government under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission or the Government on the dates required hereunder.

F. The moneys in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such

insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments, in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03 A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

H. All remittances made by the Issuer to the Government, the Commission and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

I. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2014 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2014 A Bonds, there shall be deposited with the Commission in the Series 2014 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2014 A Bonds Reserve Account.

B. From the proceeds of the Series 2014 B Bonds, there shall be deposited with the Commission in the Series 2014 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2014 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2014 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2014 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2014 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2014 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2014 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2014 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2014 A Bonds shall be expended as directed by the Government and any remaining proceeds of the Series 2014 B Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements from Bonds Construction Trust Fund. A. The Series 2014 Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and payment of interest on the Series 2014 A Bonds and the Series 2014 B Bonds prior to and during construction and for a period up to six months after completion of construction and for no other purposes whatsoever. If approved by the Government and the Authority, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2014 Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government and the Authority. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Registered Owners of the Series 2014 Bonds.

Expenditures or disbursements of proceeds of the Series 2014 A Bonds from the Series 2014 Bonds Construction Trust Fund shall be made only after such expenditures or disbursements have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

B. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project from the Series 2014 B Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2014 B Bonds from the Series 2014 Bonds Construction Trust Fund shall be made only after submission to the Council of a certificate, signed by an Authorized Officer stating that:

(i) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(ii) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(iii) Each of such costs has been otherwise properly incurred; and

(iv) Payment for each of the items proposed is then due and owing.

The Issuer shall expend all proceeds of the Series 2014 B Bonds within 3 years of the date of the issuance of the Council's Bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the Series 2014 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions set forth in this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2014 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2014 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2014 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2014 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of any Series 2014 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2014 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with Respect to the Prior Bonds. The payment of the debt service of the Series 2014 Bonds shall be secured by a first lien on the Gross Revenues derived from the operation of the System on a parity with each other and with the lien on the Gross Revenues in favor of the Registered Owners of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2014 Bonds, the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in this Bond Legislation, are hereby irrevocably pledged to such payments as they become due and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Bond Legislation. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer duly enacted on March 11, 2014.

So long as the Series 2014 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation. In the event the schedule of rates and charges initially established for the System in connection with the Series 2014 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of

rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the provisions governing the sale of the System, or any part thereof, shall be as set forth and described in the Prior Resolutions and the System may not be sold, mortgaged, leased or otherwise disposed of unless the Issuer has obtained the written consent of the Government, the Authority and the Council, as applicable bondholders. Further, so long as the Series 2014 Bonds are outstanding and except as otherwise required by law, and with the written consent of the Government, the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2014 A Bonds, immediately be remitted to the National Finance Office, and with respect to the Series 2014 B Bonds, immediately be remitted to the Commission for deposit in the Series 2014 B Bonds Sinking Fund, and, with the written consent of the Government, the Authority and the Council, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2014 Bonds. Any balance remaining after the payment of all the Series 2014 Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefore, together with all other amounts received during the same Fiscal Year for such sales, leases or other disposition of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall

be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. Except additional Parity Bonds provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2014 Bonds. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2014 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional Parity Bonds, being on a parity with the lien of the Series 2014 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2014 Bonds and the interest thereon in this Bond Legislation or upon the System or any part thereof.

Section 7.07. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided and with the prior written consent of the Government, the Authority and the Council.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2014 Bonds.

No Parity Bonds shall be issued, except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the Bonds or both such purposes.

So long as the Series 2014 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2014 A Bonds and the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2014 A Bonds and the Prior Bonds are no longer outstanding, the following parity requirements shall be met:

So long as the Series 2014 B Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security

of the Registered Owners of the Series 2014 Bonds and the Registered Owners of any Parity Bonds subsequently issued, from time to time, within the limitations of and in compliance with this Section. All the Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2014 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this Section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2014 Bonds.

No Parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation on account of the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances.

Section 7.08. Books, Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Government, the Authority and the Council and its agents and representatives to inspect all books, documents, papers and records relating to the Project and the System, at all reasonable times, for the purpose of audit and examination. The Issuer shall submit to the Government, the Authority and the Council such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Government, the Authority and the Council and its agents and representatives to inspect all records pertaining to the operation and maintenance of the System, at all reasonable times, following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of the Series 2014 Bonds issued pursuant to the Bond Legislation shall have the right, at all reasonable

times, to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Government, the Authority and the Council, and shall mail in each year to any Registered Owner of the Series 2014 Bonds requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto) and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2014 Bonds, and shall submit said report to the Government, the Authority and the Council. Such audit report shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Bond Legislation and that the Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Letter of Conditions, the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Government, the Authority and the Council and its agents and representatives to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of

operation of the Project, the Issuer shall also provide the Government, the Authority and the Council and its agents and representatives with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Government, the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to issuance of the Series 2014 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System; and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2014 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2014 Bonds, including the Prior Bonds; provided, that in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2014 Bonds, including the Prior Bonds, are funded at least at the requirement therefore, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal and interest, if any, on the Series 2014 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2014 Bonds, including the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

Section 7.10. Operating Budget. The Issuer shall, annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Government, the Authority and the Council within 30 days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made, except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Government, the Authority, the Council and any Registered Owner of the Series 2014 Bonds

within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government, the Authority, the Council and any Registered Owner of the Series 2014 Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers, certifying that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Government, the Authority and the Council, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the Government, the Authority and the Council is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and State laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Government, the Authority and the Council, covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies.

The Issuer shall employ qualified operating personnel, properly certified by the State to operate the System so long as the Series 2014 Bonds are Outstanding.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the PSC.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State or the rules and regulations of the PSC.

Whenever any fees, rates, rentals or other charges for the services or facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and any rules and regulations promulgated by the PSC applicable thereto, fees, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that it will, to the full extent permitted by law and any rules and regulations promulgated by the PSC applicable thereto, discontinue and shut off the services and facilities of the System to all delinquent users of the services and facilities of the System, and will not restore such services of

the System until all delinquent charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid, and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services, of any nature by its System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or himself or herself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Series 2014 Bonds remain Outstanding, the Issuer shall, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured prior to acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) Public Liability Insurance, with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$2,000,000 from claims for damage to property of others which may arise from the operation of the System.

(C) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$2,000,000 from claims for damage to property of others which may arise from such operation of vehicles.

(D) Workers' Compensation Coverage for All Employees of the System Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) Fidelity Bonds will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or property of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Government, the Authority and the Council and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(G) Construction Bonds. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and State requirements and standards.

The Issuer has obtained all permits required by State and federal laws necessary for the acquisition and construction of the Project, all requisite orders and approvals from the PSC and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2014 Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance With Letter of Conditions, Loan Agreement and Law.

The Issuer shall comply with, perform and satisfy all terms and conditions of the Letter of Conditions, the Loan Agreement, this Bond Legislation and the Act. The Issuer shall comply with all applicable laws, rules and regulations issued by the Government, the Authority and the Council or other State, federal or local bodies in regard to the acquisition and construction of the Project and operation, maintenance and use of the System. The Issuer shall provide the Council with all documents submitted to the Government and the Authority.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the Project without the prior written approval of the Board of the Authority. Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Registered Owner of the Series 2014 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series 2014 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.20. Contracts. A. The Issuer shall, simultaneously with the delivery of the Series 2014 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Government and the Council for written approval. The Issuer shall obtain the written approval of the Government and the Council before expending any proceeds of the Series 2014 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Government and the Council before expending any proceeds of the Series 2014 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Government, the Authority and the Council in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed with any ground breaking or dedication of the Project.

Section 7.21. [Reserved.]

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund". The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. The Depository Bank may make any and all investments permitted by this section through its own trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments and shall distribute to the Issuer, at least once each year (or more often if requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2014 Bonds are outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Bond Legislation shall comply with the guidelines of the Government.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2014 B Bonds as a condition to the issuance of the Series 2014 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2014 B Bonds as may be necessary in order to maintain the status of the Series 2014 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2014 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2014 B Bonds are derived, to lose their status as tax-

exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority in compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2014 B Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2014 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2014 Bonds; or

(B) If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Series 2014 Bonds set forth in this Bond Legislation, any supplemental resolution, or in the Series 2014 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government, the Authority, the Council, the Depository Bank, the Registrar, the Commission or a Registered Owner of the Series 2014 Bonds;

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2014 Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding, enforce all rights of such Registered Owners, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2014 Bonds, (iv) by action at law or bill in equity, require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2014 Bonds, and (v) by action or bill in equity, enjoin any acts in violation of the Bond Legislation with respect to the Series 2014 Bonds, or the rights of such Registered Owners; provided, that all rights and remedies of the Registered Owners of the Series 2014 Bonds shall be on a parity with the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2014 Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default, any Registered Owner shall, in addition to all other remedies or rights, have the right, by appropriate legal proceedings, to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds

and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate, maintain, manage and control the System, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to the System as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of the Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of the Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay to the Registered Owners of the Series 2014 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Legislation, then the pledge of Gross Revenues and any other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through direct payment of the entire outstanding principal of and all accrued interest on the Series 2014 Bonds to the Registered Owners thereof, the Issuer may not defease the Series 2014 Bonds or provide for payment thereof by escrow or other similar arrangements.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. Prior to the issuance of the Series 2014 Bonds, this Bond Legislation may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2014 Bonds, no material modification or amendment of this Bond Legislation or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Registered Owners of the Series 2014 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2014 Bonds then Outstanding; provided, that no change shall be made in the maturity of the Series 2014 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the revenues of the System without the consent of the Registered Owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of the Series 2014 Bonds required for consent to the above permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of this Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2014 Bonds and no change, variation or alteration of any kind of the provisions of this Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Bond Legislation should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Legislation, the Supplemental Resolution and the Series 2014 Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with this Bond Legislation are, to the extent of such conflict, repealed.

Section 11.06. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Bond Legislation do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Bond Legislation occurred, and are, duly in office and duly qualified for such office.

Section 11.07. Statutory Notice of Public Hearing. Upon adoption hereof, the abstract of this Bond Legislation in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks, with at least 6 full days intervening between each publication, in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Series 2014 Bonds, and that any person interested may appear before the Issuer upon a certain date, not less than 10 days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of this Bond Legislation is on file with the Issuer for review by interested persons during office hours of the Issuer. The Governing Body hereby determines that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Bond Legislation shall take effect immediately following the public hearing and final reading hereof.

First Reading: June 10, 2014

Second Reading: June 17, 2014

Public Hearing
and Third Reading: July 8, 2014



Mayor

CERTIFICATION

Certified a true copy of a Bond Ordinance duly passed by the Council of the TOWN OF HARRISVILLE on June 17, 2014, and effective on July 8, 2014.

Dated this 8th day of July, 2014.


Recorder

[SEAL]

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of the construction of waterlines to provide service to 34 new customers in the Chevaux de Frise area of Ritchie County, West Virginia.

EXHIBIT B

TOWN OF HARRISVILLE

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on June 17, 2014, the Council of the Town of Harrisville (the "Issuer") adopted an ordinance which, among other things:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the Issuer's existing waterworks system (the "System") and the financing of the cost thereof, not otherwise provided, through the issuance of not more than \$750,000 in aggregate principal amount of Water Revenue Bonds, Series 2014 A (United States Department of Agriculture) and not more than \$350,000 in aggregate principal amount of Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of sinking funds and reserve accounts for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues of the System; pledged the Gross Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to the Gross Revenues of the System; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.

6. Established the events of default and the remedies of the registered owners of the Bonds; provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the Town of Harrisville at a regular meeting on July 8, 2014, at 7:30 p.m., in the

Council Chambers, Town Hall, Harrisville, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the Town Hall.

/s/ Ronda White
Recorder

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

2.9

BOND ORDINANCE

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EXHIBIT A - PROJECT DESCRIPTION

EXHIBIT B - NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

THE TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

2.10

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE TOWN OF HARRISVILLE WATER REVENUE BONDS, SERIES 2014 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2014 B (WEST VIRGINIA INFRASTRUCTURE FUND); DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING AND AUTHORIZING THE ENTERING INTO OF A LOAN AGREEMENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of the Town of Harrisville (the "Issuer") has duly and officially passed a Bond Ordinance on June 17, 2014, effective July 8, 2014 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$750,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2014 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$350,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2014 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2014 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE

TERMS AND PROVISIONS OF SUCH BONDS AND
ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of the Water Revenue Bonds, Series 2014 A (United States Department of Agriculture), of the Issuer, in an aggregate principal amount not to exceed \$750,000 (the "Series 2014 A Bonds") and the Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount not to exceed \$350,000 (the "Series 2014 B Bonds" and together with the Series 2014 A Bonds, the "Bonds"), and has authorized the execution and delivery of the loan agreement relating to the Series 2014 B Bonds between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 8, Article 19 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Series 2014 A Bonds are proposed to be purchased by the Government pursuant to the Letter of Conditions;

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for; and

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF HARRISVILLE, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer with the first publication thereof being not less than ten (10) days before the day set by the Bond Ordinance and the Notice for the public hearing, at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Bond Ordinance and the Notice, the Recorder has maintained in his or her office a certified copy of the Bond Ordinance for review by interested persons during the regular office hours of such office;

(C) In Council Chambers, Town Hall, Harrisville, West Virginia, on July 8, 2014, at 7:30 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Bond Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Bond Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Bond Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Water Revenue Bonds, Series 2014 A (United States Department of Agriculture), of the Issuer, in the original principal amount of \$538,000. The Series 2014 A Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered AR-1, and the principal amount advanced under the Series 2014 A Bonds shall bear interest at the rate of 2.75% per annum. Monthly installments of interest only on the amounts advanced under the Series 2014 A Bonds are payable 30 days following the date of delivery of the Series 2014 A Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2014 A Bonds, and thereafter, monthly installments of principal of and interest on the Series 2014 A Bonds, in the aggregate amount of \$1,905.00, are payable on the corresponding day of each month, except that the final installment on the Series 2014 A Bonds shall be paid at the end of 40 years from the date of the Series 2014 A Bonds in the sum of the unpaid principal and interest due on the date thereof. The Series 2014 A Bonds are subject to prepayment as set forth in the Bond Ordinance and the Series 2014 A Bonds. All principal and interest payments on the Series 2014 A Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

B. Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund), of the Issuer, shall be in the form of a single bond, numbered BR-1, shall be issued in the principal amount of \$290,000, shall be dated such date, shall finally mature no later than 2054, and shall bear interest at a rate of 1% per annum on the principal amount advanced thereunder. The principal of and interest on the Bonds shall be payable on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2015, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2014 B Bonds. The Series 2014 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any,

and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2014 B Bonds.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 4. The Issuer hereby approves and accepts the offer of the Government to purchase the Series 2014 A Bonds. The execution and delivery of the Bonds by the Mayor and the Recorder and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer hereby appoints and designates West Union Bank, Harrisville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 6. The Municipal Bond Commission (the "Commission") is appointed as Paying Agent for the Series 2014 B Bonds.

Section 7. The proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2014 A and B Bonds Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Bonds.

Section 8. The Loan Agreement and the execution and delivery by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Loan Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Loan Agreement by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Loan Agreement relating to the issuance and sale of the Series 2014 B Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 9. The Issuer hereby appoints and designates United Bank, Inc., to serve as Registrar (the "Registrar") for the Series 2014 B Bonds under the Bond Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Series 2014 B Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 10. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2014 A Bonds may be delivered to the Government pursuant to the Letter of Conditions and the Series 2014 B Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about July 25, 2014.

Section 11. The acquisition and construction of the Project and the financing thereof with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2014 A Bonds Reserve Account, the Series 2014 B Sinking Fund and the Series 2014 B Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the Project without the prior written approval of the Board of the Authority. Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

Section 14. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 8th day of July, 2014.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the TOWN OF HARRISVILLE on the 8th day of July, 2014.

Dated this 8th day of July, 2014.

[SEAL]



Recorder

Council

June 10, 2014

7:30 P.M.

The Council for the Town of Harrisville met in Regular Session Tuesday, June 10, 2014, at 7:30 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Paul Beall, Barbara Lowther, and David Lamm, Jeffrey Hardman, and Richard Kerns, also Julia Hiley, Kenna Davis, Mark Imbrogno, and Debbie Frederick.

The Mayor called the meeting to order and the minutes of the May 13, 2014 meeting were approved as presented.

Requests to be on the Agenda:

Mark Imbrogno – First Reading of a Bond Ordinance – Chevaux de Frise Project;

Mark explained that the bond ordinance was for the Chevaux de Frise Water line Project, and would need to be read three times with a public hearing before the final adoption. He then asked for a motion to read the Ordinance by title: Lowther made the motion for the ordinance to be read by the title, Lamm seconded the motion which carried by a unanimous vote. The ordinance title read;

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$750,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2014 A (USDA) AND NOT MORE THAN \$350,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2014 B (WVIJDC); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2014 B BONDS AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Vote; Lamm made the motion to accept the first reading of the bond ordinance, Hardman seconded the motion, which carried by a unanimous vote.

Mayor's Report:

Sanitary Board; Met earlier this evening, the board approved Requisition No. 7 for the Wastewater System Project and sent it to Council for ratification. The operator has been busy with Lift Station repairs, the oxidation ditch is down one motor. Both clarifiers are now repaired and in use.

Hughes River Water Board; Met earlier this afternoon, with the operators reporting the plant was running satisfactorily and two (2) trips were made to the landfill this month.

Wastewater System Improvements; Cerrone Associates Inc. reports that there are still two crews working on lines, one near the state police barracks and one beginning on County Route 5. While most cleanup has been complete and looks good, there is still some areas that do need attention. The contractor has completed five lines as of the end of May, and there are substantial cost under runs in most of these lines. This is due to actual service line lengths for reconnects being much shorter than cautiously estimated in the EBM, as well as some shallowing of lines from the plans during the stake out phase. As of the end of May, the Contractor was approximately 21% complete with all estimated bid items.

However, we anticipate great productivity in the next three summer months and expect this number to increase substantially.

Chevaux de Frise Water Extension; Cerrone Associates reports the bid opening for this project occurred last Wednesday, with Danny Sullivan Excavating, Inc being the confirmed low bidder with a base bid of \$1,066,113.80, almost exactly at the Engineer's estimate of \$1,060,000. Although we have never worked with this contractor directly, references it provided all spoke highly of the contractor. Therefore, we see no reason not to recommend that the Town award the sole contract to this firm through another piece of correspondence presented at your council meeting. A tentative USDA pre-closing has been scheduled for July 23, 2014 at the town hall. There will be extra money in this project, and the Town has tentatively indicated interest in a new service vehicle and GIS documentation and software for the water system. This will need to be refined further over the next couple weeks.

Sidewalk Project; this project has been completed. The Town has been awarded a grant for the Phase II of the Sidewalk Project which will cover from the Senior Center to Classic Collision with a walkway across the creek next to the bridge, no paperwork has been received as of yet.

Superintendents' Report; was submitted written and included twenty-two (22) items.

Police Report; was submitted written and included twenty-nine (29) items for the month of May. Chief Lamp reported that a stop sign needs to be placed on the end of New York Avenue.

Old Business:

Ritchie Co. Youth Football Electric Bill; there has been no news or updates from Mr. Walters on what the power bill would run. No action was taken.

Tobacco Free Policies at the Park; Two signs were received and will placed at the Town Park.

Property Clean up Harris Addition; the recorder received a phone call on 5/30/14 from the owner of the property asking for an extension due to she had just received the letter that was sent from her brother whom used to live there. She has supplied the Town with her address and says she is in the process of cleaning the place up.

New Business:

Special Meeting; Council will meet in a special meeting to hear the second reading of the Bond Ordinance for the Chevaux de Frise Project on Tuesday June 17, 2014 at 5:30 p.m.

Sidewalk Invoice No. 6;

This will be the final invoice for this project it is for the amount of \$10,399.90. This included McClanahan Construction \$8,799.90 and E.L. Robinson \$1,600.00. Hardman made the motion to accept the invoice as presented, Lowther seconded the motion which carried by a unanimous vote.

Requisition No. 7 – Wastewater System Improvement Project;

Requisition No. 7 is for approval of invoices in the amount of \$213,643.78. This included Cerrone Associates, Inc. \$29,421.34 and Pro-Contracting \$184,222.44. Lamm moved to accept the requisition as presented, Kerns seconded the motion which carried by a unanimous vote. (A copy of the requisition is attached to this minute record.)

Budget Revision; The Recorder informed the Council that the Town was in need of a revision for the 2013-14 budget. The revision will include:

Revenues:

314 Sales Tax an increase of \$38,700 making the total	\$55,200
395 Emp. Retire. Cont. a decrease of \$3,500 making the total	\$0.00

This revision shows a net increase of revenues of \$35,200

Expenditures:

438 Elections an increase of \$1,000 making the total	\$2,500
440 City Hall an increase of \$19,000 making the total	\$128,499
700 Police Dept. an increase of \$1,310 making the total	\$53,930
750 Streets an increase of \$16,200 making the total	\$99,629
900 Parks & Rec an increase of \$3,450 making the total	\$30,934
975 General Gov. a decrease of \$1,000 making the total	\$220,300
976 Public Safety a decrease of \$1,310 making the total	\$74,690
979 Culture & Rec a decrease of \$3,450 making the total	\$218,130

This revision shows a net increase of expenditures of \$35,200

Kerns made the motion to approve the budget revision as presented, Lamm seconded the motion, which carried by a unanimous vote.

Budget Revision; The Recorder informed the Council that the Town was in need of a revision for the 2013-14 Coal Severance budget. The revision will include:

Revenues:

299 Unassigned Fund Balance a decrease of \$13,430 making the total	\$12,850
381 Reimbursements an increase of \$24,160 making the total	\$26,660

This revision shows a net increase of revenues of \$10,730

Expenditures:

434 Housing Authority an decrease of \$1,230 making the total	\$0.00
440 City Hall a decrease of \$3,000 making the total	\$0.00
700 Police Dept. a decrease of \$500 making the total	\$0.00
757 Sidewalks an increase of \$29,500 making the total	\$49,110
900 Parks & Rec a decrease of \$1,400 making the total	\$0.00
907 Youth Program a decrease of \$1,350 making the total	\$50
950 Beautification a decrease of \$1,400 making the total	\$0.00

This revision shows a net increase of expenditures of \$10,730

Kerns made the motion to approve the budget revision for Coal Severance as presented, Hardman seconded the motion, which carried by a unanimous vote.

Building Permit:

#1377 Garrett Construction 888 E Main St., Enclosed Deck.

#1378 Pat Hoover 827 S Spring St. Porch 86ft from Street

Kerns moved to approve the building permits as presented, Lamm seconded the motion which carried by a unanimous vote.

Business License:

#3635 Tim & Erin Clayton 1501 E Main St., "Clayton Valley Farm", Product Sales Farming.

#3685 Sercan Topcu 407 W Kennedy Blvd "Sercan Topcu Educational Products", Sales

#3698 Scott Bassett 895 Camp Run Rd "Aqua-Man", Water Conditioning.

#3702 Ben Dierolf 5058 Pullman Rd "Hazel Valley Coffee LLC", Roasting & selling coffee.

Kerns moved to approve the business license as presented, Hardman seconded the motion which carried by a unanimous vote.

Bills: Lowther moved to approve payment of the invoices as presented, Lamm seconded the motion which carried by unanimous vote.

The Mayor requested an Executive Session for Personnel; Kerns moved to retire to Executive Session, Lowther seconded the motion which carried by unanimous vote.

Council retired to Executive Session at 7:50 p.m.

Council returned to Regular Session at 8:10 p.m.

The Mayor called for further business, none was presented. Kerns moved to adjourn, Lowther seconded the motion which carried by unanimous vote.

The meeting adjourned at 8:11 p.m.



Recorder



Mayor

Council
Special Session
June 17, 2014

The Council for the Town of Harrisville met in Special Session Tuesday, June 17, 2014, at 5:30 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Paul Beall, David Lamm, and Barbara Lowther, also Samme Gee of Jackson and Kelly.

The Mayor called the special session to order and stated the meeting was held for the 2nd Reading of the Water Revenue Bond by Jackson Kelly.

New Business:

2nd Reading of the Water Bond Ordinance – Chevaux de Frise Waterline Project;

Samme Gee began by reading the Water Bond by title. Then Samme explained the terms of the bond and why the bond was needed. The Mayor asked for any questions and hearing none recommended Council adopt the second reading of the Bond.

Lamm moved to approve the second reading of the water bond ordinance as presented, Lowther seconded the motion, which carried by unanimous vote.

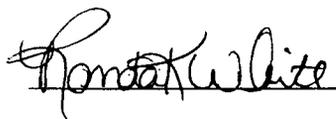
Notice of Award – Chevaux de Frise Waterline Project – The Mayor read the recommendation of bids for the Chevaux de Frise Waterline Project. The Town's Engineer's Cerrone Associates recommended for the Town to accept the following bids.

Contract #1 –Danny Sullivan Excavating, Inc of Coal Grove, Ohio. - \$1,066,113.80

Lowther moved to approve the recommendation as presented, Lamm seconded the motion, which carried by a unanimous vote.

The Mayor called for further business, none was presented. Lamm moved to adjourn, Lowther seconded the motion which carried by unanimous vote.

Meeting adjourned at 5:45 p.m.



Recorder



Mayor

Public Meeting – Chevaux de Frise Waterline Project Bond Ordinance

The Mayor called the Public Meeting to order and stated the purpose of the meeting was to hear any comments and/or objections to the bond ordinance for the Chevaux de Frise Waterline Extension. The first and second reading of the ordinance has read and approved as presented the third reading and adoption is tonight. No comments or objections were presented and the Recorder informed Council that no written comments or objections had been received in the office. The Mayor called for further comments, hearing none, he declared the public meeting closed. The public meeting opened at 7:30 p.m. and closed at 7:32 p.m.

Council

July 08, 2014

7:32 P.M.

The Council for the Town of Harrisville met in Regular Session Tuesday, July 08, 2014, at 7:30 p.m., in the Meeting Room. Attending were; Mayor Alan R. Haught, Recorder Ronda K. White, and Council Members: Paul Beall, Barbara Lowther, David Lamm, Jeffrey Hardman, and Richard Kerns, also Julia Hiley, Kenna Davis, Debbie Frederick, Samme Gee of Jackson Kelly, and Tim Meeks of the MOVRC.

The Mayor called the meeting to order and the minutes of the June 10, 2014 meeting were approved as presented.

Requests to be on the Agenda:

Samme Gee – Final Reading of Bond Ordinance – Chevaux de Frise Project:

- Samme explained that the bond ordinance was for the Chevaux de Frise Water line Project, has been read and approved two times and had the public hearing therefore all that is left is final adoption of the aforementioned Ordinance. She then read the Ordinance by title:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$750,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2014 A (USDA) AND NOT MORE THAN \$350,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2014 B (WVVIJDC); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 2014 B BONDS AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Vote; Lamm made the motion to pass the bond ordinance as presented, Hardman seconded the motion, which carried by a unanimous vote.

- Samme then reviewed with Council the Supplemental Resolution, which she read by title:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE, AND OTHER TERMS OF THE TOWN OF HARRISVILLE WATER REVENUE BONDS, SERIES 2014 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2014 B (WEST VIRGINIA INFRASTRUCTURE FUND); DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING AND AUTHORIZING THE ENTERING INTO OF A LOAN AGREEMENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

Council was then asked for a motion to approve the Supplemental Resolution;

Vote; Lowther made the motion to approve the supplemental resolution as presented, Kerns seconded the motion which carried by unanimous vote.

- 1st Draw Resolution;

Is for approval of invoices in the amount of \$141,468.25. This includes Jackson Kelly (Bond Counsel) \$20,000.00; Cerrone Associates, Inc. (Engineering Design, Special Services) \$85,600.00, Cerrone Associates, Inc. (Engineering Design Interest) \$6,108.00, Mid-Ohio Valley Regional Council (Administration) \$5,560.46, United Bank, Inc. (Registrar) \$500.00, Bassett & Lowe (Accounting) \$ 5,165.00, Ira M Haught (Legal) \$16,000.00, Town of Harrisville (Reimbursement of Administration Costs) \$1,064.79, and Town of Harrisville (Reimbursement for Permits) \$1,470.00.

Vote; Lamm moved to approve the 1st draw resolution as presented, Hardman seconded the motion which carried by a unanimous vote. (A copy of the requisition is attached to this minute record.)

- Samme then introduced the Sweep Resolution for approval; (a copy of the sweep resolution is attached to this minute record.)

Vote; Kerns made the motion to approve the sweep resolution as presented, Lowther seconded the motion, which carried by a unanimous vote.

Mayor's Report:

Sanitary Board; Met earlier this evening, the board approved Requisition No. 8 for the Wastewater System Project and sent it to Council for ratification.

Hughes River Water Board; has not met this month. The meeting for July is next Monday.

Wastewater System Improvements; Cerrone Associates Inc. reports there are still two crews working on line replacement/installation, both are currently working on the East End of Town, one (1) on Walnut Street and the other beginning work this week near the Armstrong facility located along Rt. 16. Now that we are into July the fish spawning season has ended allowing the Contractor to work on lines that involve stream crossings. Since the last update the Contractor has completed some line installation, and some new service bores of Starr Avenue are yet to be completed. Note that the Contractor now has personnel available to work on surface restoration as weather conditions allow. The majority of the cleanup has been complete on Pullman Road, but there are some areas that will need attention and are not fully completed. There are some areas which have been damaged from significant rainfall immediately after restoration and private land owners tracking motorized vehicles through fresh restoration after a rainfall event. The Contractor has been provided a Manhole Punch List for this area in anticipation of a Substantial Completion Inspection to be conducted on this area in the near future. The paving repair of Cherry Street still remains to be completed. We are continuing to experience substantial cost under runs with the line installations. This is due to actual service line lengths for reconnects being much shorter than cautiously estimated in the EBM, deletions/shorting of lines, as well as some shallowing of lines from the plans during stake out phase. Dye testing of exposed existing sewer service lines has assisted with making determinations affecting service line reconnections. The Contractor Pay Request Cutoff date of June 20th, the contractor was approximately 30% complete with

all the estimated bid items. However, we anticipate greater productivity through July and August and expect this number to increase significantly.

Chevaux de Frise Water Extension; Cerrone Associates reports the bid opening for this project occurred last Wednesday, with Danny Sullivan Excavating, Inc being the confirmed low bidder with a base bid of \$1,066,113.80, almost exactly at the Engineer's estimate of \$1,060,000. We performed a reference check of this Contractor and received favorable feedback. The Town received approval from USDA-RD by letter dated June 26th to award this work to the above contractor and by our letter date June 30th, 2014 have forwarded the Notice of Award to the Contractor for signature and are awaiting return of the necessary documentation. The Contractor has indicated his interest in starting work on this project in short order after the Pre-Closing and Pre-Construction Conference. The USDA Pre-Closing has been scheduled for July 23, 2014 at Town Hall starting at 10:00 am. The Pre-Construction Conference is slated to begin at approximately 11:00am. By conference call of June 25th the budget equipment line item was reassigned to the original budget amount. The Town has indicated interest in acquiring a new service vehicle and GIS documentation and software for the water system. We have provided the Town Budget pricing for the GIS/GPS Equipment/Software/Hardware. This will provide a priority listing of those items to USDA-RD.

Superintendents' Report; was submitted written and included twenty-three (23) items.

Police Report; was submitted written and included nineteen (19) items for the month of June:

Old Business:

Property Clean up Harris Addition; Council Members Kerns and Lowther both confirmed that some progress has been made since the last meeting, but there is still a lot to be done and the work has slowed down lately.

New Business:

Requisition No. 8 – Wastewater System Improvement Project;

Requisition No. 8 is for approval of invoices in the amount of \$220,766.37. This included Cerrone Associates, Inc. \$28,219.55 and Pro-Contracting \$192,546.82. Kerns moved to accept the requisition as presented, Lamm seconded the motion which carried by a unanimous vote. (A copy of the requisition is attached to this minute record.)

Budget Revision; The Recorder informed the Council that the Town was in need of a revision for the 2014-15 budget. The revision will include:

Revenues:

314 Sales Tax an increase of \$14,000 making the total	\$64,000
395 Emp. Retire. Cont. a decrease of \$14,000 making the total	\$0.00

This revision shows a net increase of revenues of \$0.00

The Coal Severance Budget is in need of a revision also, due to the Sidewalk Project being finished and the money for this project needing to be deducted from the budget.

Revenues:

298 Assigned Fund Balance a decrease of \$23,157 making the total	\$16,193
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This revision shows a net decrease of revenues of \$23,157

Expenditures:

757 Sidewalks a decrease of \$23,157 making the total \$15,343

This revision shows a net decrease of expenditures of \$23,157

Kerns made the motion to approve the budget revisions as presented, Lowther seconded the motion, which carried by a unanimous vote.

WVRWA: The Mayor is planning on attending the Conference at Snowshoe and he needs a motion to approve him as the voting delegate for Harrisville at the board meeting. Kerns moved to approve the Mayor as the voting delegate for Harrisville, Lamm seconded the motion, which carried by unanimous vote.

Building Permit:

#1379 Charles Hendrickson 150 Concord St., Shed, 70ft from Street, 42ft from alley

Lamm moved to approve the building permit as presented, Lowther seconded the motion which carried by a unanimous vote.

Business License:

#3711 Edward Howell Farmers Market "Sweet Creek Sugar Works", Maple Syrup & Syrup products.

Lowther moved to approve the business license as presented, Hardman seconded the motion which carried by a unanimous vote.

Bills: Lowther moved to approve payment of the invoices as presented, Lamm seconded the motion which carried by unanimous vote.

The Mayor requested an Executive Session for Personnel; Kerns moved to retire to Executive Session, Lamm seconded the motion which carried by unanimous vote.

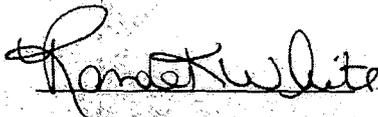
Council retired to Executive Session at 8:00 p.m.

Council returned to Regular Session at 8:17 p.m.

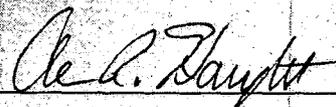
Wage increase; Kerns made a motion to increase the employees wage as presented by the Mayor, Beall seconded the motion which carried by unanimous vote.

The Mayor called for further business, none was presented. Lowther moved to adjourn, Lamm seconded the motion which carried by unanimous vote.

The meeting adjourned at 8:22 p.m.



Recorder



Mayor

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF RITCHIE, to-wit:

I, Denise J. Duellley, being first duly sworn upon my oath, do depose and say that I am a member of Ritchie Gazette Publishing Limited Liability Company, publisher of the newspaper entitled **RITCHIE GAZETTE AND THE CAIRO STANDARD**, a Republican newspaper; that I have been duly authorized by the members of such company to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Harrisville, Ritchie County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality, county, and state; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for the current happenings, announcements, miscellaneous reading materials, advertisements, and other notices; that the annexed notice of:

PUBLIC HEARING

(CIR 2) (ABSTRACT OF BOND ORDINANCE)

was duly published two weeks beginning with the **25TH DAY OF JUNE, 2014**, issue, and ending with the **2ND DAY OF JULY, 2014**, issue, and that the cost of publishing said annexed notice was **\$139.47**.

/s/ Denise J. Duellley
Publisher, Ritchie Gazette & The Cairo Standard

Taken, subscribed and sworn to before me in my said county this 8th day of July, 2014.

Melissa A. Shaffer
Notary Public of Ritchie County, West Virginia

My commission expires Aug. 23, 2015



TOWN OF HARRISVILLE

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on June 17, 2014, the Council of the Town of Harrisville (the "Issuer") adopted an ordinance which, among other things:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the Issuer's existing waterworks system (the "System") and the financing of the cost thereof, not otherwise provided, through the issuance of not more than \$750,000 in aggregate principal amount of Water Revenue Bonds, Series 2014 A (United States Department of Agriculture) and not more than \$350,000 in aggregate principal amount of Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund) (the "Bonds").
2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.
3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of sinking funds and reserve accounts for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.
4. Provided that the Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues of the System; pledged the Gross Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to the Gross Revenues of the System; provided certain conditions for the issuance of additional bonds.
5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.
6. Established the events of default and

the remedies of the registered owners of the Bonds; provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the Town of Harrisville at a regular meeting on July 8, 2014, at 7:30 p.m., in the Council Chambers, Town Hall, Harrisville, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the Town Hall.

/s/ Ronda White
Recorder

SPECIMEN



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARRISVILLE
WATER REVENUE BOND, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$538,000

FOR VALUE RECEIVED, on this 25th day of July, 2014, the TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of FIVE HUNDRED THIRTY EIGHT THOUSAND DOLLARS (\$538,000), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of 2.75% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$1,905.00, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under

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this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); (ii) to capitalize interest on the Bonds; and (iii) to pay certain costs of issuance of this Bond and related costs. The existing waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly adopted by the Issuer on June 17, 2014, enacted and effective July 8, 2014, and a Supplemental Resolution duly adopted by the Issuer on July 8, 2014 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1994 A, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$660,000; (2) WATER REVENUE BONDS, SERIES 1994 B, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$45,000; (3) WATER REVENUE BONDS, SERIES 1999, DATED DECEMBER 20, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$155,000; (4) WATER REVENUE BONDS, SERIES 2008 A, DATED AUGUST 15, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000; (5) WATER REVENUE BONDS, SERIES 2008 B, DATED SEPTEMBER 18, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$275,000; (6) WATER REVENUE BONDS, SERIES 2012 A, DATED FEBRUARY 3, 2012, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$220,000 (COLLECTIVELY, THE "PRIOR BONDS"); AND (7) WATER REVENUE BONDS, SERIES 2014 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED THE DATE HEREOF AND ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$290,000 (THE "SERIES 2014 B BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity

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with the pledge of the Gross Revenues in favor of the registered owners of the Prior Bonds, the Series 2014 A Bonds and the Series 2014 B Bonds, and from moneys in the Series 2014 A Bonds Reserve Account created under the Bond Legislation for this Bond and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2014 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 110% of the maximum amount of principal of and interest on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds, the Series 2014 A Bonds and the Series 2014 B Bonds. The Issuer has entered into certain further covenants with the Registered Owners of this Bond, for the terms of which, reference is made to the Bond Legislation. Remedies provided the Registered Owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Recorder of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of acquisition and construction of the Project and the costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

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If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the TOWN OF HARRISVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Alfred Daugh

Mayor

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ATTEST:

Thomas White

Recorder

SPECIMEN

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EXHIBIT A

RECORD OF ADVANCES

<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>
(1) \$ 54,843.00	7/25/14	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10)\$		(28) \$	
(11)\$		(29) \$	
(12)\$		(30) \$	
(13)\$		(31) \$	
(14)\$		(32) \$	
(15)\$		(33) \$	
(16)\$		(34) \$	
(17)\$		(35) \$	
(18)\$		(36) \$	

Total \$ _____

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(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

In the presence of:

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$290,000

KNOW ALL MEN BY THESE PRESENTS: That on this 25th day of July, 2014, the TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of TWO HUNDRED NINETY THOUSAND DOLLARS (\$290,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2015, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference plus interest on the unpaid principal balance at the rate of 1% per annum.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond are payable by check or draft of the Paying Agent mailed to the Registered Owner (as defined in the hereinafter described Bond Legislation) hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding a payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated July 25, 2014.

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This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly adopted by the Issuer on June 17, 2014, enacted and effective July 8, 2014, and a Supplemental Resolution duly adopted by the Issuer on July 8, 2014 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1994 A, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$660,000; (2) WATER REVENUE BONDS, SERIES 1994 B, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$45,000; (3) WATER REVENUE BONDS, SERIES 1999, DATED DECEMBER 20, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$155,000; (4) WATER REVENUE BONDS, SERIES 2008 A, DATED AUGUST 15, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000; (5) WATER REVENUE BONDS, SERIES 2008 B, DATED SEPTEMBER 18, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$275,000; (6) WATER REVENUE BONDS, SERIES 2012 A, DATED FEBRUARY 3, 2012, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$220,000 (COLLECTIVELY, THE "PRIOR BONDS"); AND (7) WATER REVENUE BONDS, SERIES 2014 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED THE DATE HEREOF, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$538,000 (THE "SERIES 2014 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Gross Revenues in favor of the registered owners of the Prior Bonds and the Series 2014 A Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2014 B Bonds Reserve Account") and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2014 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the

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reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds and the Series 2014 A Bonds; provided however, that so long as there exists in the Series 2014 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds and the Series 2014 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation) by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the costs of the Project and costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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SPECIMEN

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the TOWN OF HARRISVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Ar. E. Skaydtte

Mayor

SPECIMEN

ATTEST:

Donald S. Lento

Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2014 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 25, 2014

UNITED BANK, INC., as Registrar

By *[Signature]*
Its Authorized Officer

SPECIMEN

SPECIMEN
EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$86,625.25	7/25/14	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

TOTAL \$

BR-1
SPECIMEN
EXHIBIT B

DEBT SERVICE SCHEDULE

Bond Debt Service					
Town of Harrisville					
IF					
\$290,000					
1% Interest Rate					
40 Years from Closing Date					
	Dated Date	7/25/2014			
	Delivery Date	7/25/2014			
Period Ending	Principal	Coupon	Interest	Debt Service	
12/1/2015	1,534	1.000%	725.00	2,259.00	
3/1/2016	1,538	1.000%	721.17	2,259.17	
6/1/2016	1,542	1.000%	717.32	2,259.32	
9/1/2016	1,546	1.000%	713.47	2,259.47	
12/1/2016	1,550	1.000%	709.60	2,259.60	
3/1/2017	1,553	1.000%	705.73	2,258.73	
6/1/2017	1,557	1.000%	701.84	2,258.84	
9/1/2017	1,561	1.000%	697.95	2,258.95	
12/1/2017	1,565	1.000%	694.05	2,259.05	
3/1/2018	1,569	1.000%	690.14	2,259.14	
6/1/2018	1,573	1.000%	686.21	2,259.21	
9/1/2018	1,577	1.000%	682.28	2,259.28	
12/1/2018	1,581	1.000%	678.34	2,259.34	
3/1/2019	1,585	1.000%	674.39	2,259.39	
6/1/2019	1,589	1.000%	670.42	2,259.42	
9/1/2019	1,593	1.000%	666.45	2,259.45	
12/1/2019	1,597	1.000%	662.47	2,259.47	
3/1/2020	1,601	1.000%	658.48	2,259.48	
6/1/2020	1,605	1.000%	654.47	2,259.47	
9/1/2020	1,609	1.000%	650.46	2,259.46	
12/1/2020	1,613	1.000%	646.44	2,259.44	
3/1/2021	1,617	1.000%	642.41	2,259.41	
6/1/2021	1,621	1.000%	638.36	2,259.36	
9/1/2021	1,625	1.000%	634.31	2,259.31	
12/1/2021	1,629	1.000%	630.25	2,259.25	
3/1/2022	1,633	1.000%	626.18	2,259.18	
6/1/2022	1,637	1.000%	622.09	2,259.09	
9/1/2022	1,641	1.000%	618.00	2,259.00	
12/1/2022	1,645	1.000%	613.90	2,258.90	
3/1/2023	1,649	1.000%	609.79	2,258.79	
6/1/2023	1,653	1.000%	605.66	2,258.66	
9/1/2023	1,658	1.000%	601.53	2,259.53	
12/1/2023	1,662	1.000%	597.39	2,259.39	
3/1/2024	1,666	1.000%	593.23	2,259.23	
6/1/2024	1,670	1.000%	589.07	2,259.07	
9/1/2024	1,674	1.000%	584.89	2,258.89	
12/1/2024	1,678	1.000%	580.71	2,258.71	
3/1/2025	1,683	1.000%	576.51	2,259.51	
6/1/2025	1,687	1.000%	572.30	2,259.30	
9/1/2025	1,691	1.000%	568.09	2,259.09	
12/1/2025	1,695	1.000%	563.86	2,258.86	
3/1/2026	1,700	1.000%	559.62	2,259.62	
6/1/2026	1,704	1.000%	555.37	2,259.37	

Jun 25, 2014 9:08 am Prepared by Piper Jaffray & Co.

(WDA:LOANS-HARRI114) 2

NUMBER SPECIMEN

Bond Debt Service

Town of Harrisville

IF

\$290,000

1% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2026	1,708	1.000%	551.11	2,259.11
12/1/2026	1,712	1.000%	546.84	2,258.84
3/1/2027	1,717	1.000%	542.56	2,259.56
6/1/2027	1,721	1.000%	538.27	2,259.27
9/1/2027	1,725	1.000%	533.97	2,258.97
12/1/2027	1,729	1.000%	529.65	2,258.65
3/1/2028	1,734	1.000%	525.33	2,259.33
6/1/2028	1,738	1.000%	521.00	2,259.00
9/1/2028	1,742	1.000%	516.65	2,258.65
12/1/2028	1,747	1.000%	512.30	2,259.30
3/1/2029	1,751	1.000%	507.93	2,258.93
6/1/2029	1,756	1.000%	503.55	2,259.55
9/1/2029	1,760	1.000%	499.16	2,259.16
12/1/2029	1,764	1.000%	494.76	2,258.76
3/1/2030	1,769	1.000%	490.35	2,259.35
6/1/2030	1,773	1.000%	485.93	2,258.93
9/1/2030	1,778	1.000%	481.50	2,259.50
12/1/2030	1,782	1.000%	477.05	2,259.05
3/1/2031	1,787	1.000%	472.60	2,259.60
6/1/2031	1,791	1.000%	468.13	2,259.13
9/1/2031	1,795	1.000%	463.65	2,258.65
12/1/2031	1,800	1.000%	459.16	2,259.16
3/1/2032	1,804	1.000%	454.66	2,258.66
6/1/2032	1,809	1.000%	450.15	2,259.15
9/1/2032	1,813	1.000%	445.63	2,258.63
12/1/2032	1,818	1.000%	441.10	2,259.10
3/1/2033	1,823	1.000%	436.55	2,259.55
6/1/2033	1,827	1.000%	432.00	2,259.00
9/1/2033	1,832	1.000%	427.43	2,259.43
12/1/2033	1,836	1.000%	422.85	2,258.85
3/1/2034	1,841	1.000%	418.26	2,259.26
6/1/2034	1,845	1.000%	413.66	2,258.66
9/1/2034	1,850	1.000%	409.04	2,259.04
12/1/2034	1,855	1.000%	404.42	2,259.42
3/1/2035	1,859	1.000%	399.78	2,258.78
6/1/2035	1,864	1.000%	395.13	2,259.13
9/1/2035	1,869	1.000%	390.47	2,259.47
12/1/2035	1,873	1.000%	385.80	2,258.80
3/1/2036	1,878	1.000%	381.12	2,259.12
6/1/2036	1,883	1.000%	376.42	2,259.42
9/1/2036	1,887	1.000%	371.72	2,258.72
12/1/2036	1,892	1.000%	367.00	2,259.00
3/1/2037	1,897	1.000%	362.27	2,259.27
6/1/2037	1,902	1.000%	357.53	2,259.53
9/1/2037	1,906	1.000%	352.77	2,258.77
12/1/2037	1,911	1.000%	348.01	2,259.01
3/1/2038	1,916	1.000%	343.23	2,259.23

Jun 25, 2014 9:08 am Prepared by Piper Jaffray & Co.

(WDA:LOANS-HARRI114) 3

PR-1
SPECIMEN

Bond Debt Service
Town of Harrisville
IF

\$290,000

1% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Coupon	Interest	Debt Service
6/1/2038	1,921	1.000%	338.44	2,259.44
9/1/2038	1,925	1.000%	333.64	2,258.64
12/1/2038	1,930	1.000%	328.82	2,258.82
3/1/2039	1,935	1.000%	324.00	2,259.00
6/1/2039	1,940	1.000%	319.16	2,259.16
9/1/2039	1,945	1.000%	314.31	2,259.31
12/1/2039	1,950	1.000%	309.45	2,259.45
3/1/2040	1,955	1.000%	304.57	2,259.57
6/1/2040	1,959	1.000%	299.69	2,258.69
9/1/2040	1,964	1.000%	294.79	2,258.79
12/1/2040	1,969	1.000%	289.88	2,258.88
3/1/2041	1,974	1.000%	284.96	2,258.96
6/1/2041	1,979	1.000%	280.02	2,259.02
9/1/2041	1,984	1.000%	275.07	2,259.07
12/1/2041	1,989	1.000%	270.11	2,259.11
3/1/2042	1,994	1.000%	265.14	2,259.14
6/1/2042	1,999	1.000%	260.16	2,259.16
9/1/2042	2,004	1.000%	255.16	2,259.16
12/1/2042	2,009	1.000%	250.15	2,259.15
3/1/2043	2,014	1.000%	245.13	2,259.13
6/1/2043	2,019	1.000%	240.09	2,259.09
9/1/2043	2,024	1.000%	235.04	2,259.04
12/1/2043	2,029	1.000%	229.98	2,258.98
3/1/2044	2,034	1.000%	224.91	2,258.91
6/1/2044	2,039	1.000%	219.83	2,258.83
9/1/2044	2,044	1.000%	214.73	2,258.73
12/1/2044	2,050	1.000%	209.62	2,259.62
3/1/2045	2,055	1.000%	204.49	2,259.49
6/1/2045	2,060	1.000%	199.36	2,259.36
9/1/2045	2,065	1.000%	194.21	2,259.21
12/1/2045	2,070	1.000%	189.04	2,259.04
3/1/2046	2,075	1.000%	183.87	2,258.87
6/1/2046	2,080	1.000%	178.68	2,258.68
9/1/2046	2,086	1.000%	173.48	2,259.48
12/1/2046	2,091	1.000%	168.27	2,259.27
3/1/2047	2,096	1.000%	163.04	2,259.04
6/1/2047	2,101	1.000%	157.80	2,258.80
9/1/2047	2,107	1.000%	152.55	2,259.55
12/1/2047	2,112	1.000%	147.28	2,259.28
3/1/2048	2,117	1.000%	142.00	2,259.00
6/1/2048	2,122	1.000%	136.71	2,258.71
9/1/2048	2,128	1.000%	131.40	2,259.40
12/1/2048	2,133	1.000%	126.08	2,259.08
3/1/2049	2,138	1.000%	120.75	2,258.75
6/1/2049	2,144	1.000%	115.40	2,259.40
9/1/2049	2,149	1.000%	110.04	2,259.04
12/1/2049	2,154	1.000%	104.67	2,258.67

BR-1

SPECIMEN

Bond Debt Service
Town of Harrisville

IF

\$290,000

1% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Coupon	Interest	Debt Service
3/1/2050	2,160	1.000%	99.29	2,259.29
6/1/2050	2,165	1.000%	93.89	2,258.89
9/1/2050	2,171	1.000%	88.47	2,259.47
12/1/2050	2,176	1.000%	83.05	2,259.05
3/1/2051	2,182	1.000%	77.61	2,259.61
6/1/2051	2,187	1.000%	72.15	2,259.15
9/1/2051	2,192	1.000%	66.68	2,258.68
12/1/2051	2,198	1.000%	61.20	2,259.20
3/1/2052	2,203	1.000%	55.71	2,258.71
6/1/2052	2,209	1.000%	50.20	2,259.20
9/1/2052	2,214	1.000%	44.68	2,258.68
12/1/2052	2,220	1.000%	39.14	2,259.14
3/1/2053	2,226	1.000%	33.59	2,259.59
6/1/2053	2,231	1.000%	28.03	2,259.03
9/1/2053	2,237	1.000%	22.45	2,259.45
12/1/2053	2,242	1.000%	16.86	2,258.86
3/1/2054	2,248	1.000%	11.25	2,259.25
6/1/2054	2,253	1.000%	5.63	2,258.63
	290,000		60,164.50	350,164.50

SPECIMEN

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____, the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer and full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

BOND REGISTER

2.14(A)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. AR-1	\$538,000	July 25, 2014

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

United States of America
National Finance Office
1520 Market Street
St. Louis, Missouri 63103

Signature of Registrar:

Town of Harrisville


Recorder

BOND REGISTER

2.14(B)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. BR-1	\$290,000	July 25, 2014

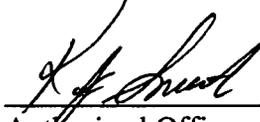
NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, West Virginia 25301

Signature of Registrar:

United Bank, Inc.



Authorized Officer

BOND AND INTERIM FINANCING ORDINANCE

THE TOWN OF HARRISVILLE, WEST VIRGINIA

**WATER REVENUE BONDS,
SERIES 1994 A**

**WATER REVENUE BONDS,
SERIES 1994 B**

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BOND ORDINANCE

Introduced in Council

Passed by Council

Introduced by

An Ordinance authorizing the issuance of The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1994 A in the aggregate principal amount not to exceed \$660,000 and the sale thereof to the United States Department of Agriculture, Farmers Home Administration and the issuance of The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1994 B in the aggregate principal amount not to exceed \$45,000 and the sale thereof to the United States Department of Agriculture, Farmers Home Administration and authorizing not more than \$705,000 in a line of credit evidenced by notes; to finance, along with other funds and moneys of, or available to, The Town of Harrisville that may be lawfully expended for such purposes, the long-term cost of the acquisition and construction of certain additions, betterments and improvements to the waterworks system of The Town of Harrisville, West Virginia; providing for the rights and remedies of and security for the Registered Owners of both of the Water Revenue Bonds; and enacting other provisions related thereto.

BE IT ENACTED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HARRISVILLE, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

A. "Act" means Article 19 of Chapter 8 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "Authorized Officer" means the mayor of The Town of Harrisville, West Virginia or any other officer of said Town specifically designed by resolution of the Council, as hereinafter defined.

C. "Bond" or "Bonds" means the Original Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

D. "Bond Register" means the books of the Town maintained by the Registrar, as hereinafter defined, for the registration and transfer of Bonds.

E. "Bondholder," "Holder of the Bonds" or "Owner of the Bonds" or any similar term means any person who shall be the registered owner, as shown by the Bond Register, of any outstanding Bond.

F. "Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Bonds in substantially the form set forth in the Bond form contained herein.

G. "Commission" means the West Virginia Municipal Bond Commission and any successors thereto.

H. "Construction Trust Fund" means the Water System Bond Construction Trust Fund established by Section 5.02.

I. "Consulting Engineer" means Cerrone and Associates, consulting engineers, Wheeling, West Virginia, and any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of waterworks system that shall at any time be retained by the Town as consulting engineers for the System, as hereinafter defined.

J. "Cost for Works" or similar phrases mean those costs described in Section 1.03(H) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

K. "Council" means the Town Council of the Town or any other governing body of the Town that succeeds to the functions of the Council as presently constituted.

L. "Depository Bank" means a state banking corporation or national banking association, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the Federal Deposit Insurance Corporation, as shall be appointed by a resolution supplemental hereto, and any successor thereto.

M. "Depreciation Account" means the Waterworks System Depreciation Account created in the Prior Ordinance and continued by Section 4.01(A)(2).

N. "Event of Default" means any event or occurrence specified in Section 9.01.

O. "Fiscal Year" means each twelve month period beginning on July 1 and ending on the succeeding June 30.

P. "FmHA" means United States Department of Agriculture, Farmers Home Administration, and any successor thereto.

Q. "FmHA Grant" means the grant from FmHA in the amount of \$330,000.

R. "Government" means the United States Department of Agriculture, Farmers Home Administration, and any successor thereto, as the Original Bond Purchaser of the Original Bonds both as hereinafter defined.

S. "Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

T. "Grant Agreement" means a written commitment for the payment of the FmHA grant or the USDA Grant, specifying the amount of such grant the terms and conditions upon which said grant is made and the date or dates or event or events upon which grant is to be paid to the Town; provided that, "FmHA Grant Agreement" means only the Grant Agreement relating to the FmHA grant.

U. "Grant Receipts" means all monies received by the Town on account of any Grant to pay costs of the Project; provided that "FmHA Grant Receipts" means only the Grant Receipts on account of the FmHA Grant and that "USDA Grant Receipts" means only the Grant Receipts on account of the USDA Grant.

V. "Grants" means the FmHA Grant and USDA Grant, as herein defined.

W. "Gross Revenues" or "revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provisions for uncollectible accounts; provided, that "gross revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments as defined herein) or any connection charges.

X. "Independent Certified Public Accountant" means any firm of certified public accountants which shall be retained by the

Town as independent accountants for the System, as hereinafter defined.

Y. "Letter of Conditions" means the letter from FmHA to the Town dated February 4, 1993, as amended by Amendment No. 1, dated July 14, 1994, and as further amended and supplemented subsequent to the date hereof setting forth the conditions for purchase of the Original Bonds, and as may from time to time be supplemented and amended.

Z. "Mayor" means the Mayor of the Town.

AA. "Net Revenues" means Gross Revenues less Operating Expenses, as hereinafter defined.

BB. "Operating Expenses" means the reasonable, proper and necessary cost of repair, maintenance and operation of the system and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the fiscal agents, registrars, paying agents and trustees, other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption, if any, or interest on interim financing or the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

CC. "Ordinance," regardless of whether preceded by the article "the" or "this," means this Ordinance as it may hereafter from time to time be amended or supplemented.

DD. "Original Bonds" means the not to exceed \$660,000 in aggregate principal amount of Water Revenue Bonds, Series 1994 A and the \$45,000 in aggregate principal amount of Water Revenue Bonds, Series 1994 B of the Town originally authorized to be issued and sold to the Government pursuant to this Ordinance and which will be specifically designated by a Supplemental Resolution.

EE. "Original Bond Purchaser" means the Government as purchaser, directly from the Town, of the Original Bonds issued pursuant hereto.

FF. "Outstanding," when used with reference to Bonds, as of any particular date, describes all Bonds, and when applicable, all Prior Bonds, theretofore and thereupon being issued and

delivered except (a) any Bond cancelled by the Registrar, as hereinafter defined, at or prior to said date; (b) any Bond for the payment of which monies equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 11.07; and (d) with respect to determining an specified percentage of Bondholders for the purpose of consents, notices and the like, any Bond registered to the Town.

GG. "Paying Agent" means the bank or banks or other entity designed as such for the Bonds in a resolution supplemental hereto.

HH. "Prior Bonds" means the Town's Water Revenue Promissory Note, dated August 4, 1967, issued in the principal amount of \$280,000 and presently outstanding in the principal amount of \$126,487.34.

II. "Prior Ordinance" means the ordinance passed by the Council of the Town on June 6, 1967, authorizing the issuance of the Prior Bonds.

JJ. "Project" means the additions, betterments and improvements to the existing municipal waterworks of the Town described in Exhibit A attached hereto and incorporated herein by reference.

KK. "PSC" means the Public Service Commission of West Virginia or any other agency of the State that succeeds to the functions of the PSC.

LL. "Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Bank; Federal Home Loan Bank System; Federal Land Banks; or Governmental National Mortgage Association;

(c) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(d) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of any said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

(e) Money market funds or similar funds, the only assets of which are investments of the type described on paragraphs (a) through (d) above;

(f) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (c) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing any said repurchase agreement either must mature as nearly as practicable coincident with the maturity of said repurchase agreement or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreement, and provided further that the holder of such repurchase agreements shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(g) The "Consolidated Fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

(h) Tax-exempt securities.

MM. "Recorder" means the Recorder of the Town.

NN. "Registrar" means the Registrar for the Bonds which shall be appointed by a resolution supplemental hereto.

OO. "Reserve Account" or "Debt Service Reserve Account" means the Water Revenue Bond Debt Service Reserve Account established by Section 4.01(A) (1).

PP. "Reserve Requirement" means an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in any succeeding year.

QQ. "Revenue Fund" means the Water Revenue Fund established in the Prior Ordinance and continued with the Depository Bank by Section 4.01(A).

RR. "Series A Bonds" means the bonds in the aggregate principal amount of \$660,000 to be purchased by the Government.

SS. "Series B Bonds" means the bonds in the aggregate principal amount of \$45,000 to be purchased by the Government.

TT. "State" means the State of West Virginia.

UU. "Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article, refers specifically to the supplemental resolution authorizing the sale of the Original Bonds to the Government; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

VV. "Surplus Revenues" means the Net Revenues not required by this ordinance to be set aside and held in, including but not limited to, sinking funds, the reserve accounts and the renewal and replacement funds for the payment of or security for the Bonds or any other obligations of the Town, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

WW. "System" means the complete existing waterworks system now owned by the Town for a water supply system, in its entirety or any integral part thereof, and includes the Project and any extensions, additions, betterments and improvements thereto as authorized by this Ordinance, or hereafter constructed or acquired for said waterworks system from any sources whatsoever, within and without said Town.

XX. "Town" means The Town of Harrisville, municipal corporation of the State of West Virginia, and where appropriate, also means the Council thereof, and any department, board, agency or instrumentality thereof in control of the management and operation of the System.

YY. "USDA Grant" means the grant from the USDA-Soil Conservation Service in the amount of \$47,750.60.

ZZ. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing and masculine or neuter gender shall include all other genders.

AAA. Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with general accepted accounting principles.

BBB. The terms herein, hereunder, hereby, hereto, hereof and any similar terms refer to this Ordinance; and the term hereafter means after the date of the enactment of this Ordinance.

CCC. Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority of This Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared that:

A. The Town now owns and operates a waterworks system, furnishing water service to residences, premises and businesses residing or located within and without the area of the Town.

B. Certain improvements to the System were financed in part by the proceeds from the Prior Bonds authorized pursuant to the Prior Ordinance.

C. The Prior Bonds of the Town are currently outstanding in the principal amount of \$126,487.34.

D. The Town derives revenues from the System, and, except for the pledges thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner.

E. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be constructed certain extensions, additions, betterments and improvements to the System in accordance with the plans and specifications prepared by the Consulting Engineers, which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof.

F. The Town has been awarded a FmHA Grant in the amount of \$330,000 and a USDA Grant in the amount of \$47,750.60.

G. The estimated maximum cost of the construction of the Project is approximately \$1,083,000, of which \$660,000 will be permanently obtained from the proceeds of the Series A Bonds and \$45,000 will be permanently obtained from the proceeds of the Series B Bonds herein authorized, \$330,000 will be obtained from

the FmHA Grant, and \$47,750.60 will be obtained from the USDA Grant. The Town may obtain other Grants as may be necessary or available to pay costs of Project.

H. It is deemed necessary for the Town to issue its Series A Bonds in an aggregate principal amount not to exceed \$660,000 and issue its Series B Bonds in an aggregate principal amount not to exceed \$45,000 to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements, and franchises deemed necessary therefor; the cost of the construction of said extensions, additions, betterments and improvements to the System and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of the Project and the placing of the same in operation, and the performance of the things therein required or permitted, in connection with any thereof; the cost of designing the Project; the cost of interim financing for such Project, if any; interest on the Original Bonds prior to, during and for six months after the estimated date of completion of construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for the service of registrars, paying agents, depositories or other agents in connection with the issuance of the Original Bonds and such other expenses as may be necessary or desirable to said acquisition and construction of the Project and placing the same in operation and the financing authorized by this Ordinance.

I. The period of usefulness of the System after completion of the Project will not be less than forty years.

J. The estimated Gross Revenues to be derived in each year after the issuance of the Original Bonds from the operation of the System will be sufficient to pay all the cost of the operation and maintenance of said System, the principal of and interest on the Prior Bonds authorized to be issued pursuant to the Prior Ordinance, the principal of and interest on the Original Bonds authorized to be issued pursuant to this Ordinance and all sinking fund, reserve and other payments provided for in the Prior Ordinance and in this Ordinance.

K. The Town derives revenues from the System and upon the issuance of the Original Bonds the Town will grant the Government a first lien on the Gross Revenues of the System on a parity with the lien of the Prior Bonds. The Town has received or has requested the written consent from the holder of the Prior Bonds consenting to the issuance of the Original Bonds on a parity with the Prior Bonds.

L. Prior to the sale of the Original Bonds, the Town will have complied with all requirements of West Virginia law

relating to the authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, including, among other things, obtaining a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal having expired.

M. Prior to the sale of the Original Bonds to the Original Bonds Purchaser, the Town will have obtained the written consent of the holder of the Prior Bonds.

Section 1.04. Ordinance Constituting Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholders, and the covenants and agreements herein set forth to be performed by said Town shall be for the equal benefit, protection and security of the legal Holders of such Bonds.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS
AND IMPROVEMENTS TO THE SYSTEM

Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized the construction and acquisition of the Project in accordance with plans and specifications prepared by the Consulting Engineers; provided, that such plans and specifications, and the acquisition and construction of the Project in accordance therewith, are subject to the issuance by the PSC of a certificate of convenience and public necessity and to specific authorization by the Council pursuant to a Supplemental Resolution.

The Town has received bids or entered into contracts for the acquisition and construction of the Project.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION
AND REGISTRATION OF BONDS

Section 3.01. Authorization of the Original Bonds. Subject and pursuant to the provisions thereof, the Bonds of the Town to be known as "The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1994 A" and "The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1994 B" (the "Original Bonds") are hereby authorized to be issued in an aggregate principal amount not to exceed Six Hundred Sixty Thousand Dollars (\$660,000) for the Series A Bonds and in an aggregate principal amount not to exceed Forty-Five Thousand Dollars (\$45,000) for the Series B Bonds for the purpose of permanently financing a portion of the Costs of the Project.

Section 3.02. Description of Original Bonds. The Original Bonds shall be issued in the form of a single bond for each series designated "Water Revenue Bonds," No. AR-1 for the Series A Bonds and "Water Revenue Bonds," No. BR-1 for the Series B Bonds in the principal amount not to exceed \$660,000 and \$45,000, respectively, fully registered to the Original Bond Purchasers. The Original Bonds shall be dated on the date of delivery thereof. The Bonds shall bear interest from date of delivery but only upon the amounts advanced thereunder, payable monthly, commencing on the first day of the month following the month in which the Bonds are issued, at a rate not to exceed four and one-half percent (4.5%) per annum and shall be sold for an amount not to exceed par value thereof.

Notwithstanding any provision of the Bonds to the contrary, each Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached thereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances, and payments and shall cease to accrue on the amount Outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced thereunder, commencing the first day of the month following the month of delivery of the Bonds and continuing on the corresponding day of each month for the first 24 months after the date hereof, and thereafter in installments of \$3,030 covering principal and interest on Bond No. AR-1, and \$207 covering principal and interest on Bond No. BR-1, on said corresponding day of each month, except that the final installment on the Bonds shall be paid at the end of

40 years from the date of the Bonds, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided therein.

The Original Bonds shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the Town, shall be payable as provided in the Bond forms hereinafter set forth and shall be subject to the other terms and provisions set forth in the Bonds and in the Supplemental Resolution.

Section 3.03. Execution of the Bonds. The Bonds shall be executed in the name of the Town by the Mayor, and the seal of the Town shall be affixed thereto and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Bonds shall cease to be such officer of the Town before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bond shall hold the proper office in the Town, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bonds, substantially in the form set forth in Section 3.07, shall have been manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bonds shall be conclusive evidence that such Bonds have been authenticated, registered, and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bonds shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability; Registration. The Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Bondholder, in accepting any said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be, and have all of the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State, and each successive Bondholder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value. So long as any of the Bonds remain

Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. Notwithstanding the foregoing, the Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon the transfer of a Bond, there shall be issued at the option of the Bondholder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond.

In all cases in which the privilege of exchanging Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provision of this Ordinance. All Bonds surrendered in any such transfer shall forthwith be cancelled by the Registrar. For every such transfer of Bonds, the Registrar may make a charge sufficient to reimburse his office for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each new Bond upon each transfer, and any other expenses of said Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer; provided, the Town shall pay any such expenses incurred in connection with a transfer or exchange by the Government. The Registrar shall not be obligated to make any such transfer of Bonds during the ten (10) days preceding any interest payment on the Bonds or after notice of any prepayment or redemption of the Bonds has been given.

Any registration or transfer of registration of Bonds shall include supplying the Registrar with a Federal Employer Identification Number of the Bondholder (or comparable identifying information if the Bondholder is not a corporate entity) and such other information and shall comply with such other requirements as shall be determined by nationally recognized bond counsel to be necessary to render the interest on the Bond excludable from gross income for purposes of federal income taxation.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may in its discretion issue and deliver, and the Registrar shall authenticate, a new Bond in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Town proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town and the Registrar may prescribe and paying such expenses as the Town and the Registrar may incur. Any Bond so

surrendered shall be cancelled by the Registrar and held for the account of the Town. If such Bond shall be matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

Any such duplicate Bond issued pursuant to this section shall constitute as original, additional contractual obligation on the part of the Town, whether or not the lost, stolen or destroyed Bond be at any time found by any one, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.07. Form of Bonds. Subject to the provisions of this Ordinance, the text of the Original Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance, the Supplemental Resolution or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof, provided that the Original Bonds shall be issued in two series with such variations as are set forth in the supplemental resolution:

(Form of Bond AR-1)

No. AR-1
THE TOWN OF HARRISVILLE, WEST VIRGINIA
WATER REVENUE BONDS, SERIES 1994 A

\$660,000

Date: August __, 1994

Registered Owner: Farmers Home Administration
75 High Street
P. O. Box 678
Morgantown, WV 26505

FOR VALUE RECEIVED, THE TOWN OF HARRISVILLE, WEST VIRGINIA (herein called the "Borrower"), promises to pay to the order of the United States Department of Agriculture, Farmers Home Administration (herein called the "Government"), National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing and in the manner provided below, the principal sum of Six Hundred Sixty Thousand Dollars (\$660,000) or such lesser amount as shall then be reflected on the Record of Advances and Payments attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of four and one-half percent (4.5%) per annum. Notwithstanding any provision of this Bond to the contrary, this Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached hereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances and Payments and shall cease to accrue on the amount outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing the first day of the month following the month of delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and installments of \$3,030 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. This consideration shall support any agreement modifying the foregoing schedule of payments.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Extra payments, as defined in the regulations of the Farmers Home Administration, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Borrower has granted to the Government a lien on the proceeds of the Bond until such proceeds are expended for authorized purposes.

This Bond is issued to permanently finance a portion of the cost of construction and acquisition of certain extensions, additions, betterments and improvements to the Town's waterworks system (the "Project") (the Project, together with the existing waterworks system of the Town and any further extensions, additions, betterments and improvements thereto, herein called the "System") under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 19 of Chapter 8 of the Code of West Virginia, 1931, as amended, and an ordinance duly enacted by the Town Council of The Town of Harrisville on the ___ day of August, 1994, as supplemented by a resolution duly adopted by said Town Council on the ___ day of August, 1994 (herein collectively called the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Ordinance.

THIS BOND SHARES A FIRST LIEN PARITY POSITION WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT AS THE OUTSTANDING THE TOWN OF HARRISVILLE WATER REVENUE PROMISSORY NOTE, SERIES 1967, DATED AUGUST 4, 1967, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$280,000 (THE "PRIOR BONDS") AND THE TOWN OF HARRISVILLE, WEST VIRGINIA WATER REVENUE BONDS, SERIES 1994 B ISSUED SIMULTANEOUSLY

HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF \$45,000 (THE "SERIES 1994 B BONDS").

This Bond is payable only from and secured by a pledge of a first lien on the Gross Revenues (as defined in the Ordinance), on a parity with the lien of the Prior Bonds and the Series 1994 B Bonds, to be derived from the operation of the System, moneys in the Debt Service Reserve Account created in the Ordinance (the "Debt Service Reserve Account") and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of, and interest on, this Bond, the Prior Bonds, the Series 1994 B Bonds and all bonds which may be issued for the construction, acquisition, improvement, extension or betterment of such System as when the same become due and payable, and which shall be set aside and remitted to the Holder of the Prior Bonds pursuant to the Prior Ordinance and to the Government as provided herein and in the Ordinance. This Bond does not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Borrower be obligated to pay the same or the interest hereon except from the Net Revenues as defined in the Ordinance, derived from the operation of said System, the moneys in the Debt Service Reserve Account and unexpended Bond proceeds. The Borrower in said Ordinance has covenanted and agreed that the schedule of rates or charges from time to time in effect shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of the System, to pay all debt service on the Bonds, the Series 1994 B Bonds, and Prior Bonds and to leave a balance each year equal to at least 110% of the amount required to pay the amount due in any ensuing year of principal of and interest on the Bonds and on all obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including the Prior Bonds and the Series 1994 B Bonds. Said Borrower has entered into certain further covenants with the owner of this Bond for the terms of which reference is made to said Ordinance. Remedies provided the owner of this Bond are exclusively as provided in the Ordinance, to which reference is here made for detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the owner or its duly authorized attorney or legal representative duly authorized in writing.

Subject to registration requirements, this Bond under the provision of the Act is and has all the qualities and incidents of

a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

The use of any proceeds of this Bond for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity will constitute an Event of Default under the Bond Ordinance.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts connected with the issuance hereof, as provided by law and the Ordinance, shall be applied solely to the costs of acquisition and construction of the Project, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to an in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System of said Town have been pledged to and will be set aside into said special fund by said Town for the prompt payment of the principal of and interest on this Bond.

All provisions of the Ordinance, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, The Town of Harrisville has caused this Bond to be signed by its Mayor, attested by its Recorder and its corporate seal to be impressed hereon, all as of the date first written above.

THE TOWN OF HARRISVILLE

(Name of Borrower)

(Signature of Executive Official)

Mayor

(Title of Executive Official)

P. O. Box 243

(Post Office Box No. or Street
Address)

Harrisville, West Virginia 26362-0243

(Town, State and Zip Code)

[CORPORATE SEAL]

ATTEST:

(Signature of Attesting Official)

Town Recorder

(Title of Attesting Official)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Water Revenue Bonds, Series 1994 A, described in the within-mentioned Ordinance and has been duly registered in the name of the United States Department of Agriculture, Farmers Home Administration as of the date set forth below.

Date: August __, 1994

HUNTINGTON NATIONAL BANK WEST
VIRGINIA, as Registrar

By _____
Authorized Officer

RECORD OF ADVANCES AND PAYMENTS

Advances

Date	Amount	Initialed By
(1)	\$	
(2)	\$	
(3)	\$	
(4)	\$	
(5)	\$	
(6)	\$	
(7)	\$	
(8)	\$	
(9)	\$	
(10)	\$	
TOTAL:	\$	

UNITED STATES DEPARTMENT OF
AGRICULTURE, FARMERS HOME
ADMINISTRATION

By: _____

(Title)

Payments

Date	Amount	Initialed By
(1)	\$	
(2)	\$	
(3)	\$	
(4)	\$	
(5)	\$	
(6)	\$	
(7)	\$	
(8)	\$	
(9)	\$	
(10)	\$	
TOTAL:	\$	

UNITED STATES DEPARTMENT OF
AGRICULTURE, FARMERS HOME
ADMINISTRATION

By: _____

(Title)

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____

_____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

(Form of Bond BR-1)

No. BR-1
THE TOWN OF HARRISVILLE, WEST VIRGINIA
WATER REVENUE BONDS, SERIES 1994 B

\$45,000

Date: August __, 1994

Registered Owner: Farmers Home Administration
75 High Street
P. O. Box 678
Morgantown, WV 26505

FOR VALUE RECEIVED, THE TOWN OF HARRISVILLE, WEST VIRGINIA (herein called the "Borrower"), promises to pay to the order of the United States Department of Agriculture, Farmers Home Administration (herein called the "Government"), National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing and in the manner provided below, the principal sum of Forty-Five Thousand Dollars (\$45,000) or such lesser amount as shall then be reflected on the Record of Advances and Payments attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of four and one-half percent (4.5%) per annum. Notwithstanding any provision of this Bond to the contrary, this Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached hereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances and Payments and shall cease to accrue on the amount outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing the first day of the month following the month of delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and installments of \$207 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. This consideration shall support any agreement modifying the foregoing schedule of payments.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Extra payments, as defined in the regulations of the Farmers Home Administration, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Borrower has granted to the Government a lien on the proceeds of the Bond until such proceeds are expended for authorized purposes.

This Bond is issued to permanently finance a portion of the cost of construction and acquisition of certain extensions, additions, betterments and improvements to the Town's waterworks system (the "Project") (the Project, together with the existing waterworks system of the Town and any further extensions, additions, betterments and improvements thereto, herein called the "System") under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 19 of Chapter 8 of the Code of West Virginia, 1931, as amended, and an ordinance duly enacted by the Town Council of The Town of Harrisville on the ___ day of August, 1994, as supplemented by a resolution duly adopted by said Town Council on the ___ day of August, 1994 (herein collectively called the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Ordinance.

THIS BOND SHARES A FIRST LIEN PARITY POSITION WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT AS THE OUTSTANDING THE TOWN OF HARRISVILLE WATER REVENUE PROMISSORY NOTE, SERIES 1967, DATED AUGUST 4, 1967, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$280,000 (THE "PRIOR BONDS") AND THE TOWN OF HARRISVILLE, WEST VIRGINIA WATER REVENUE BONDS, SERIES 1994 A ISSUED SIMULTANEOUSLY

HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF \$660,000 (THE "SERIES 1994 A BONDS").

This Bond is payable only from and secured by a pledge of a first lien on the Gross Revenues (as defined in the Ordinance), on a parity with the lien of the Prior Bonds and the Series 1994 A Bonds, to be derived from the operation of the System, moneys in the Debt Service Reserve Account created in the Ordinance (the "Debt Service Reserve Account") and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of, and interest on, this Bond, the Prior Bonds, the Series 1994 A Bonds and all bonds which may be issued for the construction, acquisition, improvement, extension or betterment of such System as when the same become due and payable, and which shall be set aside and remitted to the Holder of the Prior Bonds pursuant to the Prior Ordinance and to the Government as provided herein and in the Ordinance. This Bond does not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Borrower be obligated to pay the same or the interest hereon except from the Net Revenues as defined in the Ordinance, derived from the operation of said System, the moneys in the Debt Service Reserve Account and unexpended Bond proceeds. The Borrower in said Ordinance has covenanted and agreed that the schedule of rates or charges from time to time in effect shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of the System, to pay all debt service on the Bonds, the Series 1994 A Bonds and Prior Bonds and to leave a balance each year equal to at least 110% of the amount required to pay the amount due in any ensuing year of principal of and interest on the Bonds and on all obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including the Prior Bonds and the Series 1994 A Bonds. Said Borrower has entered into certain further covenants with the owner of this Bond for the terms of which reference is made to said Ordinance. Remedies provided the owner of this Bond are exclusively as provided in the Ordinance, to which reference is here made for detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the owner or its duly authorized attorney or legal representative duly authorized in writing.

Subject to registration requirements, this Bond under the provision of the Act is and has all the qualities and incidents of

a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

The use of any proceeds of this Bond for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity will constitute an Event of Default under the Bond Ordinance.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts connected with the issuance hereof, as provided by law and the Ordinance, shall be applied solely to the costs of acquisition and construction of the Project, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the Net Revenues of the System of said Town have been pledged to and will be set aside into said special fund by said Town for the prompt payment of the principal of and interest on this Bond.

All provisions of the Ordinance, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, The Town of Harrisville has caused this Bond to be signed by its Mayor, attested by its Recorder and its corporate seal to be impressed hereon, all as of the date first written above.

THE TOWN OF HARRISVILLE
(Name of Borrower)

(Signature of Executive Official)

Mayor
(Title of Executive Official)

P. O. Box 243
(Post Office Box No. or Street
Address)

Harrisville, West Virginia 26362-0243
(Town, State and Zip Code)

[CORPORATE SEAL]

ATTEST:

(Signature of Attesting Official)

Town Recorder
(Title of Attesting Official)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Water Revenue Bonds, Series 1994 B, described in the within-mentioned Ordinance and has been duly registered in the name of the United States Department of Agriculture, Farmers Home Administration as of the date set forth below.

Date: August __, 1994

HUNTINGTON NATIONAL BANK WEST
VIRGINIA, as Registrar

By _____
Authorized Officer

RECORD OF ADVANCES AND PAYMENTS

Advances

Date	Amount	Initialed By
(1)	\$	
(2)	\$	
(3)	\$	
(4)	\$	
(5)	\$	
(6)	\$	
(7)	\$	
(8)	\$	
(9)	\$	
(10)	\$	

TOTAL: \$ _____

**UNITED STATES DEPARTMENT OF
AGRICULTURE, FARMERS HOME
ADMINISTRATION**

By: _____

(Title)

Payments

Date	Amount	Initialed By
(1)	\$	
(2)	\$	
(3)	\$	
(4)	\$	
(5)	\$	
(6)	\$	
(7)	\$	
(8)	\$	
(9)	\$	
(10)	\$	
TOTAL:	\$	

UNITED STATES DEPARTMENT OF
AGRICULTURE, FARMERS HOME
ADMINISTRATION

By: _____

(Title)

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____

_____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

ARTICLE IV

LINE OF CREDIT

Section 4.01. Authorization of Line of Credit. To provide funds for the acquisition and construction of the Project pending receipt of grant receipts or bond proceeds, the Town is hereby authorized to arrange for a Line of Credit in an amount not to exceed \$705,000. The amount and terms of the Line of Credit may be approved by a resolution supplemental hereto.

Section 4.02. Authorization of Credit Line Note. For the purpose of evidencing any draw upon the Line of Credit and thus, of financing a portion of the cost of acquisition and construction of the Project, there may be issued the Credit Line Note of the Town in an amount and upon such terms as set forth in a resolution supplemental hereto. The Credit Line Note may be issued in single, fully registered form and dated as of the date of delivery thereof. There shall be attached to the Credit Line Note a Record of Advances and Payments, upon which the date and principal amount of any draw upon the Line of Credit, the date and amount of any payment of principal of the Credit Line Note and the amount of the Credit Line Note outstanding after either of said transactions shall be recorded. Anything to the contrary herein, in the Line of Credit Agreement or therein notwithstanding, the Credit Line Note shall evidence only the outstanding indebtedness recorded on the Record of Advances and Payments attached thereto, and interest shall accrue only on the amount if each advance from the actual date thereof as listed on said Record of Advances and Payments. Each such advance shall bear interest, payable at such times and at a rate set forth in a supplemental resolution, but not to exceed the then legally permissible limit. Interest shall cease to accrue on the amount of the Credit Line Note outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments. The Credit Line Note shall mature not more than thirty (30) months from the date thereof. The Credit Line Note shall be subject to such further terms as shall be provided by the Line of Credit Agreement. Notwithstanding the foregoing, the terms of the Credit Line Note, other than the principal amount thereof, may be modified by resolution supplemental and amendatory hereto, subject to the limits of the Act.

The Credit Line Note shall be payable as to principal upon surrender at the principal office of the Notes Registrar, in any coin or currency which on the date of payment of principal is legal tender for the payment of public and private debts under the laws of the United States of America; provided, that any partial payment or principal prior to the final maturity of the Credit Line Note shall be recorded on the Record of Advances and Payments

attached to the Credit Line Note, and the Credit Line Note shall be returned to the Registered Owner. Interest on the Credit Line Note shall be paid by check or draft mailed to the Registered Owner thereof at the address as it appears on the books of said Notes Registrar; provided, that, at the option of the Registered Owner, such payment may be made by wire transfer or such other lawful method as shall be mutually agreeable.

Section 4.03. Execution of Credit Line Note. The Credit Line Note shall be executed in the name of the Town by the signature of its Mayor, and the seal of the Town shall be impressed thereon and attested by the signature of the Recorder. Any Credit Line Note may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Credit Line Note shall hold the proper office of the Town, although at the date of such Credit Line Note such person may not have held such office or may not have been so authorized.

Section 4.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Credit Line Note shall be and have all of the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State, and each successive Registered Owner, in accepting the Credit Line Note, shall be conclusively deemed to have agreed that said Credit Line Note shall be incontestable in the hands of a bona fide holder for value.

So long as the Credit Line Note or any portion thereof remains Outstanding, the Notes Registrar shall keep and maintain books for the registration and transfer of the Credit Line Note. The Credit Line Note shall be transferable only upon the books of the Notes Registrar which shall be kept for that purpose at the office of the Notes Registrar (and in such capacity as paying agent) by the Registered Owner thereof in person or by its attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Notes Registrar duly executed by the Registered Owner or its duly authorized attorney. Upon the transfer of the Credit Line Note, there shall be issued at the option of the Registered Owner or the transferee another Credit Line Note or Notes of the aggregate stated principal amount equal to the stated principal amount of such transferred Credit Line Note not paid as reflected on the Record of Advances and Payments attached thereto and outstanding in the aggregate principal amount equal to the advanced but unpaid amount of the transferred Credit Line Note as reflected on the Record of Advances and Payments attached thereto.

In all cases in which the privilege of transferring the Credit Line Note is exercised, Credit Line Notes shall only be issued in accordance with the provisions of this Ordinance and the Supplemental Resolution. All Credit Line Notes surrendered in any

such transfers shall forthwith be cancelled by the Notes Registrar. For every such transfer of Credit Line Notes, the Notes Registrar may make a charge sufficient to reimburse its office for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each Credit Line Note upon each transfer, and any other expenses of the Notes Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer. The Notes Registrar shall not be obligated to make any such transfer of Credit Line Notes during the ten (10) days preceding an interest payment date on the Credit Line Notes or after notice of any prepayment of the Credit Line Notes have been given.

Section 4.05. Form of Credit Line Note and Line of Credit Agreement. The text of the Credit Line Note and the Line of Credit Agreement shall be in substantially the form set forth in the Supplemental Resolution. The Line of Credit Agreement shall be executed on behalf of the Town by the Mayor. The Credit Line Note shall not become valid until manually authenticated and registered by the Notes Registrar.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. System Revenues and Application Thereof.
So long as any of the Bonds shall be Outstanding and unpaid, the Town covenants with the Bondholders as follows:

A. Continuation and Establishment of Revenue Fund and Disposition of System Revenues. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Town in the Revenue Fund which was established under Section 8 of the Prior Ordinance and which is continued hereby. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Town and used only for the purposes and in the manner herein provided. All revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority.

(1) First, from the moneys in the Revenue Fund, the Town shall make the payment required by Section 8 of the Prior Ordinance and shall simultaneously on the first day of each month, commencing on the first day of each month commencing thirty (30) days following delivery of the Original Bonds, apportion and set apart out of the Revenue Fund and remit to the office and place designated by the Original Bonds (herein called the "Sinking Fund") the monthly payment of interest set forth in the Supplemental Resolution or such lesser amount as is required to pay the interest on the Series A Bonds and the Series B Bonds as evidenced by the Record of Advances and Payments attached to each Bond as set forth in the Bond forms in Section 3.07.

(2) Next from the moneys in the Revenue Fund, the Town shall make the payment required by Section 8 of the Prior Ordinance and shall simultaneously on the first day of each month as provided by the Supplemental Resolution, apportion and set apart from the Revenue Fund and remit to the Sinking Fund the monthly payment of principal set forth in the Supplemental Resolution or such lesser amount as is evidenced by the Record of Advances and Payments attached to each Bond as set forth in the Bond forms in Section 3.07, such amount or amounts being the amount required to amortize the principal of the Bonds over their respective lives.

The deposits to the Sinking Fund provided in this paragraph and in (1) above, constitute actual payments of principal and interest on the Series A Bonds and the Series B Bonds issued to the Government. The amounts required for principal and interest payments on bonds issued hereunder, other than the Bonds sold to the Government, shall be deposited into a sinking fund created by

a Supplemental Resolution. As long as the Government is the owner of the Original Bonds the payment of the principal and interest shall be made to the Government at the place designated in writing by the Government.

(3) Next, the Town shall pay all Operating Expenses of the System.

(4) The Town shall next transfer from the Revenue Fund the transfer required by Section 8 of the Prior Ordinance and simultaneously shall deposit in a Debt Service Reserve Account at the Commission or at a banking institution approved by the Government (herein the "Debt Service Reserve Account"), or in the case of bonds other than the Original Bonds in the reserve account in the sinking fund or otherwise as designated by Supplemental Resolution, on the first day of each month of each year, beginning with and including the month in which payments from the Revenue Fund for interest on the Bonds are commenced, an amount equal to 120th of the Reserve Requirement for the Series A Bond (\$303 per month until balance is \$36,360) and the Series B Bond (\$20 per month until balance is \$2,484). A separate Debt Service Reserve Account shall be established for each of the Original Bonds.

No further payments shall be made into the Debt Service Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement for the Series A Bond and the Series B Bond. A separate Debt Service Reserve Account shall be established for each of the Original Bonds. Moneys in the Debt Service Reserve Account shall be used only for the purpose of payment of principal of or interest on the Series A Bond and the Series B Bond. A separate Debt Service Reserve Account shall be established for each of the Original Bonds when moneys in the Revenue Fund or, in the case of Bonds other than the Original Bonds, the funds in the sinking fund created by Supplemental Resolution are insufficient therefor and for no other purpose.

Any withdrawals from the Debt Service Reserve Account which result in a reduction in the balance of the Debt Service Reserve Account to below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Sinking Fund and Debt Service Reserve Account for the Series A Bond and the Series B Bond. A separate Debt Service Reserve Account shall be established for each of the Original Bonds and the Prior Bonds, including any deficiencies for prior payments, have been made in full.

As and when additional bonds ranking on a parity with the Original Bonds and the Prior Bonds are issued, provision shall be made by Supplemental Resolution for additional payments sufficient to pay the interest on such Additional Bonds and to accomplish

retirement thereof at or before maturity and to accumulate a balance in the respective Debt Service Reserve Accounts in an amount equal to the maximum provided and required to be paid in principal and interest in any succeeding year for account of all the Original Bonds and the Prior Bonds.

To the extent that moneys are not available to make all of the payments described in Paragraph (1), (2) and (4) of this Section 5.01(A), the Town shall pro rate such payments among the Series A Bond, the Series B Bond and two prior Bonds.

(5) Thereafter, from the moneys remaining in said Revenue Fund, the Town shall next, on the first day of each month commencing with the month succeeding the first full calendar month after commencement of operation of the Project, remit to the Depository Bank for deposit in a special account created in Section 8 of the Prior Ordinance and continued hereby designated the "Depreciation Account," a sum equal to \$300 (\$3,600 per year). No further payments shall be required to be made into said Depreciation Account when there shall have been deposited therein, and so long as there shall remain on deposit therein, an amount equal to \$36,000. The deposit to the Depreciation Account required hereunder is in addition to the amount required in the Prior Ordinance. All funds in said Depreciation Account shall be kept apart from all other municipal funds, and all or any part of said fund may be invested as provided by Article X. Withdrawals and disbursements may be made from said Depreciation Account for replacements, emergency repairs, additions, betterments or improvements to the System, deficiencies in the payment of principal and interest on the Prior Bonds, the Original Bonds, or debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such additions, betterments or improvements.

(6) If all of the above required payments are then current, the Town may use any moneys remaining in the Revenue Fund for the following purposes: (a) for prepayment of the amount, or any part thereof, of the Bonds outstanding in accordance with the terms thereof, (b) additions, betterments or replacements to the System which the Consulting Engineers certify are needed and/or (c) payments of principal and interest on subordinate waterworks and sewerage system revenue bonds or other obligations which may hereafter be issued by the Town.

B. All of the funds and accounts provided for above shall constitute trust funds and shall be used only for the purposes provided herein.

C. The moneys in excess of the sum insured by the maximum amounts insured by the Federal Deposit Insurance Corporation in the Revenue Fund, in the Debt Service Reserve

Account and in the Depreciation Account shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

D. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority as set forth in Paragraph A above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account higher of priority. No such deficiency shall exist solely because this required payment in the Debt Service Reserve Account have not, as of such date, funded such account to the requirement therefor.

E. All remittances made by the Town to the Government or to the Commission shall clearly identify the fund or account into which each account is to be deposited.

F. The Gross Revenues of the System shall only be used for purposes of the System.

Section 5.02. Excess Bond Proceeds. The Town shall apply any excess proceeds from the Original Bonds not required by the Project as instructed in writing by the Government.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds.

From the moneys from time to time received from the sale of the Original Bonds, the following amounts shall be first deducted and deposited as follows:

A. The sum required, with other moneys available therefor, to pay interest on the Original Bonds during construction and for a period up to six months thereafter shall be deposited in the Construction Trust Fund, hereinafter created.

B. The sum necessary to pay the Cost of the Project shall be deposited in the Construction Trust Fund.

Section 6.02. Construction Trust Fund.

There is hereby created with the Depository Bank a special fund to be known as the "Construction Trust Fund," which fund shall be kept separate and apart from all other funds of the Town, and shall be drawn out, used and applied by the Town solely for the payment of the costs of construction and acquisition of the Project and purposes incidental thereto, for the payment of interest on the Original Bonds during construction and for a period up to six months thereafter and for no other purposes whatsoever. The moneys in said fund shall be secured at all times by the deposit by such bank, as security, of Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the Federal Deposit Insurance Corporation. Any moneys not needed immediately for said purposes may, with the consent of the Government and the Consulting Engineers, be invested pursuant to Article VIII and in compliance with the Letter of Conditions. If for any reason the amounts on deposit in the Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Town as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Holders of the Original Bonds herein authorized.

Expenditures or disbursements from said Construction Trust Fund, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Original Bonds shall be made only after such expenditures or disbursements have been approved in writing by the Consulting Engineers, the Authorized Officer and the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE TOWN

Section 7.01. General Covenants of the Town. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Town and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Town hereby covenants and agrees with the Bondholders as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Bonds or the interest thereon is Outstanding and unpaid or until there shall have been set apart in the Sinking Fund and Debt Service Reserve Account with respect to Bonds other than the Original Bonds, a sum sufficient to pay when due, the entire principal amount of the Bonds remaining unpaid, together with interest accrued and to accrue thereon.

Section 7.02. Bonds Not To Be Indebtedness of the Town. The Original Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from a pledge of a first lien, on a parity with the lien of the Prior Bonds, on the Gross Revenues of the System, as herein provided. No Holder or Holders of any Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Town to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues: Statutory Mortgage Lien. The payment of the debt service of all of the Original Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of System, on a parity with the lien of the Prior Bonds, to the extent necessary to make the payments required under Section 4.01. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Bonds herein authorized, and to make the payments into the Sinking Fund and Debt Service Reserve Account and all other payments provided for in this Ordinance and the Prior Ordinance, are hereby irrevocably pledged in the manner provided herein and therein, to the payment of the principal of and interest on the Bonds herein authorized and the Prior Bonds as the same become due, and for the other purposes provided in this Ordinance.

For the further protection of the holder of the Original Bonds and the Prior Bonds, the statutory mortgage lien upon the System created by Chapter 8, Article 19, Section 4 of the Code of

West Virginia, 1931, as amended, is hereby specifically recognized by the Town.

Section 7.04. Rates. Prior to the issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file in the Office of the Recorder each of which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be sufficient to pay the Operating Expenses of the System, provide an adequate Debt Service Reserve Account and adequate Depreciation Account and pay the principal of and interest on the Prior Bonds and all Bonds issued hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues the Town hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable Operating Expenses of the System, and (ii) to leave a balance each Fiscal Year equal to the maximum amount required in any succeeding Fiscal Year for the payment of principal of and interest on the Prior Bonds and to leave a balance each Fiscal Year equal to at least 110% of the average annual debt service on the Prior Bonds and the Bonds Outstanding and of the average annual debt service of any other obligations of the Town payable from revenues of the System.

Section 7.05. Completion. Operation and Maintenance. The Town will expeditiously complete the Project in accordance with the plans and specifications prepared by the Consulting Engineers, subject to changes permitted by the Town and the Government, and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of the System in the manner provided in this Ordinance.

Section 7.06. Sale of the System. So long as the Original Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of or encumbered only with the written consent of the Government, and such consent will specify the disposition of any such sale or transfer. So long as the Prior Bonds are outstanding, the System may be sold, transferred, mortgaged, leased, or otherwise disposed of only in accordance with the terms of the Prior Ordinance and with the written consent of the Government.

Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Town shall not issue any other obligations whatsoever, except pari passu additional bonds ("Additional Bonds") provided for in Section 7.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on, and source of and security for payment from, such revenues with the Original Bonds; and all obligations hereafter issued by the Town payable from the revenues of the System, except such Additional Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, and source of and security for payment from, such revenues and in all other respects, to the Original Bonds, and as long as the Prior Bonds are Outstanding, the Additional Bonds will be subordinate to the Prior Bonds and the Original Bonds.

The Town shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Original Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Original Bonds and the interest thereon in this Ordinance, or upon the System or any part thereof, except as provided in Section 7.08.

Section 7.08. Issuance of Additional Bonds. No such Additional Bonds shall be issued without the written consent in advance of the Government.

Section 7.09. Insurance and Bonds. The Town hereby covenants and agrees that, so long as the Bonds remain Outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

A. Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the greater of the actual cost or fair market value thereof. In the event of any damage to or destruction of any portion of the System, the Town will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Town will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Town during construction of the Project in the full insurable value thereof.

B. Public Liability Insurance, with limits of not less than \$500,000 for personal liability to protect the Town from claims for bodily injury and/or death and not less than \$200,000

from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured at the commencement of construction of the Project.

C. Vehicular Public Liability Insurance, in the event the Town owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Town is operated for the benefit of the Town, with limits of not less than \$500,000 for personal liability to protect the Town from claims for bodily injury and/or death and not less than \$200,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

D. Workers' Compensation Coverage for All Employees of the System Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Town, and such payment bonds will be filed with the Clerk of the County Commission of Ritchie County prior to commencement of construction of the Project in compliance with the West Virginia Code, Chapter 38, Article 2, Section 39.

E. Fidelity Bonds will be provided as to every officer and employee of the Town having custody of the Revenue Fund or of any other funds or valuable property of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

F. Provided, however, and in lieu of and notwithstanding the foregoing provisions of this section, during construction of the Project and so long as the Government holds any of the Bonds, the Town will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Town, and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, as long as such amounts are not less than any amounts required by the Prior Ordinance if the Prior Bonds are Outstanding, and with insurance carriers or bonding companies acceptable to the Government.

Section 7.10. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Ordinance shall have the right at all reasonable

times to inspect the System and all parts thereof, and all records, accounts and data of the Town relating thereto.

The accounting system for the System shall follow generally accepted accounting practices to the extent allowed by the uniform system of accounts promulgated by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Town. Subsidiary records as may be required shall be kept in the manner, on the forms, books, and other bookkeeping records as prescribed by the Town. The Town shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Town shall be reported to such agent of the Town as the Council of the Town shall direct.

The Town shall, at least once a year, cause the books, records and accounts of the System to be audited by an Independent Certified Public Accountant and shall mail the report of said Independent Public Accountant to the Government and, upon request, to any other Holder or Holders of the Bonds. The Government, so long as it holds all the Bonds, may permit substitution of a copy of the annual audit report by the office of the State Tax Commissioner for the copy of an annual audit report by an Independent Certified Public Accountant.

The Town shall retain all records, books and supporting material for a period of three years after the issuance of such audit reports and financial statements, and such material, upon request, will be made available to the Government, the Controller General of the United States of America or their representatives.

Section 7.11. Fiscal Year: Budget. While the Original Bonds are Outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the Town agrees to adopt the annual budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of such annual budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Council. Copies of each annual budget shall be delivered to the Government by the beginning of each Fiscal Year.

If for any reason the Town shall not have adopted the annual budget before the first day of any Fiscal Year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten percent (10%); and

provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless the Town's failure to submit an annual budget shall be for a reason beyond the control of the Town. Each such budget of current expenses shall be delivered and mailed immediately as in the case of the annual budget.

Section 7.12. Services Rendered to the Town. The Town will not render or cause to be rendered any free services of any nature by its System; and, in the event the Town or any department, agency, instrumentality, officer or employee of the Town shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Town and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Town shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be Revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other Revenues derived from such operation of the System.

Section 7.13. Enforcement of Collections. The Town will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent, to the full extent permitted or authorized by the laws of the State.

The Town further covenants and agrees that it will, to the full extent permitted by law, and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System for nonpayment of the fees, rentals or other charges for the services and facilities of the System, and will not restore such services until all delinquent charges for the services and facilities of all parts of the System, plus reasonable penalties and charges for the restoration of service, have been fully paid.

Section 7.14. No Competing Franchise. To the extent allowable by law, the Town will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality, for the providing of any services which would compete with services provided by the System.

Section 7.15. Consulting Engineer. The Town will retain recognized, qualified independent Consulting Engineers on an annual basis to supervise generally the operation, maintenance and renewal of the System, and to report annually to the Town in writing their

recommendations and comments as to the System. Such annual report of the Consulting Engineers, or a summary thereof, shall be made available at reasonable times to the Government and to any Bondholder requesting the same.

Section 7.16. PSC Order. The Town shall comply with the conditions of the PSC Order and any supplemental or amendment thereto.

Section 7.17. Connections. To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following events is hereby declared an "Event of Default":

A. Failure to make payment of the principal of any of the Bonds either at the date therein specified for its payment or on the date fixed for redemption by proceedings for redemption, or otherwise;

B. Failure to make payment of any installment of interest due on any of the Bonds on the date specified for the payment of such interest;

C. Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Town contained in the Bonds, or in this Ordinance, or violation of or failure to observe any provision of any pertinent law, provided, that a default under any other agreement the Town has with the Government constitutes a default hereunder, and provided that any such failure or violation, excluding those covered in A and B above in this section, must continue for a period of thirty (30) days after written notice shall have been given to the Town by any Bondholder specifying such failure or violation and requiring the same to be remedied.

D. If the Town files a petition seeking organization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

E. The use of any proceeds of the Original Bonds for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

Section 8.02. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, if the Government is the Holder or any of the Bonds outstanding, the Government, at its option, may:

A. Declare the entire principal amount of the Bonds held by it then outstanding, and any interest accrued thereon, immediately due and payable;

B. For the account of the Town, incur and pay reasonable expenses for repair, maintenance and operation of the System and such other reasonable expenses as may be necessary to cure the cause of default; or

C. Take possession of the System and repair, maintain and operate such facilities.

Section 8.03. Remedies and Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Town under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System, and segregation of the revenues therefrom and the application thereof. Upon the happening of an Event of Default, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town, with power to change rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and the interest thereon, the deposits into the funds and accounts hereby established as herein provided, and the payment of Operating Expenses of the System, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Prior Ordinance, this Ordinance and the Act. The rights of the holders of the Series A Bonds and Series B Bonds shall be equal and on a parity with each other and with the rights of the holders of the Prior Bonds.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Town exercise all the rights and powers of the Town with respect to said facilities.

Whenever all that is due upon the Bonds issued pursuant to this Ordinance, and interest thereon, and under any covenants of this Ordinance for reserve, sinking or other funds, and upon any other obligations having a charge, lien or encumbrance upon the revenues of the System, and interest thereon, shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Town upon the entry of an order to the court to that effect. Upon any subsequent Event of Default, any Holder of Bonds issued pursuant to this Ordinance shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or

appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Town and for the joint protection and benefit of the Town and Holders of the Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Town and Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

ARTICLE IX

INVESTMENTS; NON-ARBITRAGE

Section 9.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the Town in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount and investments in the "consolidated fund" of the West Virginia State Board of Investments shall be valued at par. The Town shall direct the Depository Bank to sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or wilful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

A. Qualified Investments acquired from the Debt Service Reserve Account shall have maturities or be subject to redemption at the option of the holder within five (5) years from the date of acquisition provided that all investment earnings on moneys in the Debt Service Reserve Account shall be transferred, not less than once a year, to the Revenue Fund and applied in full to the next ensuing principal payment due on the Bonds.

B. Qualified Investments acquired for the Depreciation Fund shall have maturities or be subject to redemption at the option of the holder within ten (10) years from the date of acquisition.

C. Qualified Investments may be purchased for the Debt Service Reserve Account or the Depreciation Fund either in the open market or from the Construction Trust Fund. If so purchased from the Construction Trust Fund, such Qualified Investments shall be purchased at a price equal to their original purchase price plus accrued interest.

ARTICLE X

MISCELLANEOUS

Section 10.01. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto shall be made without the consent in writing of the Holders of sixty-six and two-thirds or more in principal amount of the bonds then outstanding; provided, however, that no change shall be made in the maturity of any Bond or Bonds, or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Town to pay such principal of and interest on the Bonds as the same shall become due out of the Gross Revenues. Notwithstanding the above, no amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent of 75% of the Holders of each series of Bonds outstanding to waiver or modification of the limitation upon issuance of Additional Bonds contained in Section 8.08.

Section 10.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.03. Table of Contents and Headings. The Table of Contents and headings of the articles, sections or subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.04. Award and Delivery of Original Bonds. The Mayor and the Recorder of the Town are hereby authorized and directed to cause Bond No. AR-1 and Bond No. BR-1, respectively, representing all the Original Bonds, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery and further agrees to pay, from time to time and in the manner set forth herein and in the Supplemental Resolution, the principal and interest on Bond No. AR-1 and Bond No. BR-1.

Section 10.05. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, other than the Prior Ordinance in conflict with this Ordinance are to the extent of such conflict repealed; provided, however, that any loan resolution, or part thereof, adopted by the Town on Form FmHa 1942-47 shall not be repealed hereby.

Section 10.06. Covenant of Due Procedure. The Town covenants that all acts, conditions, things and procedures required

to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Town Recorder and members of Council of the Town were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 10.07. Discharge and Satisfaction. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manners stipulated therein and in this Ordinance, then the respective pledges of the Gross Revenues, Original Bond proceeds and other moneys and securities pledged in this Ordinance, and all covenants, agreements and other obligations of the Town to the bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. Such prepayment, discharge and satisfaction shall be governed by the terms of the Letter of Conditions and the regulations promulgated by the Government.

Section 10.08. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in accordance with the Act.

First Reading:	August 2, 1994
Second Reading and Passage:	<u>Aug. 9</u> , 1994
Public Hearing and Effective Date:	<u>Aug. 23</u> , 1994

THE TOWN OF HARRISVILLE, WEST
VIRGINIA

By: Alan R. Daught
Mayor

ATTEST:

[SEAL]

Dorinda R. Mullins
Town Recorder

ABB05919

EXHIBIT A
THE TOWN OF HARRISVILLE, WEST VIRGINIA
WATER DISTRIBUTION SYSTEM IMPROVEMENTS
PROJECT DESCRIPTION

The water distribution system improvements for The Town of Harrisville will consist of all work necessary to install approximately 11,790 feet of 8 inch waterline, 10,510 feet of 6 inch waterline, and 20 feet of 2 inch waterline, 42 gate valves, 1 air release assembly, 47 fire hydrants, 315 customer service reconnections, 150 feet of highway bores and 18 tie-ins to existing mains. All necessary appurtenances are to be included. All new waterlines are to replace existing waterlines. There are no line extensions to serve new customers.

CERTIFICATE

I, the undersigned, Recorder of The Town of Harrisville, Ritchie County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the Bond Ordinance duly enacted by the Council of The Town of Harrisville at a meeting on Aug. 23, 1994.

Dated this 24th day of Aug., 1994.

THE TOWN OF HARRISVILLE, WEST VIRGINIA

By: Norman L. Chubb
Recorder

(SEAL)

ABB05919

Introduced in Council

August 9, 1994

Adopted by Council

August 9, 1994

Introduced by:

Mayor Haught

A resolution finding that an ordinance was enacted by The Town of Harrisville, West Virginia, on August 9, 1994, which authorized the issuance of The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1994 A ("Series A Bonds"), in an aggregate principal amount not to exceed \$660,000 and the sale thereof to the United States Department of Agriculture, Farmers Home Administration, and the issuance of The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1994 B ("Series B Bonds"), in an aggregate principal amount not to exceed \$45,000 and the sale thereof to the United States Department of Agriculture, Farmers Home Administration (collectively, the "Bonds"), and authorizing not more than \$705,000 in a line of credit evidenced by notes, to finance, along with other funds and moneys of, or available to, The Town of Harrisville that may be lawfully expended for such purposes, the long-term cost of the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks system of The Town of Harrisville, West Virginia; authorizing the execution and delivery of an agreement with respect to the line of credit; defining and prescribing the terms and provisions of the Bonds, the Notes and the line of credit; provided for the rights and remedies of and

security for the owner of the Series A Bonds and the Series B Bonds; finding that an abstract of said ordinance, together with the notice that said ordinance has been adopted, that The Town of Harrisville contemplates the issuance of the Bonds, Notes or line of credit, all as described in said ordinance and that any person interested may appear before the Council of The Town of Harrisville upon a certain date and present protests, must be published; reviewing the abstract prepared by the Town Recorder and determining that such abstract contains sufficient information as to give notice of the contents of said ordinance; and directing the publication of such abstract, together with said notice.

WHEREAS, the Council of The Town of Harrisville, West Virginia (the "Town"), this day adopted an ordinance (the "Ordinance"), which Ordinance authorized the issuance of The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1994 A in an aggregate principal amount not to exceed \$660,000 and the issuance of The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1994 B in an aggregate principal amount not to exceed \$45,000 to finance the long-term cost of the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks system of the Town; and authorized the sale of the Series A Bonds and the Series B Bonds to the United States Department of Agriculture, Farmers Home Administration (the "Government") and authorizing not more than \$705,000 in interim construction financing, consisting of a line of credit as evidenced by notes; authorizing the execution and delivery of an agreement

with respect to the line of credit; defining and prescribing the terms and provisions of the Bonds, the Notes, and the line of credit, pursuant to a Supplemental Resolution of the Council, all as more fully set out in the Ordinance; and

WHEREAS, Chapter 8, Article 19, Section 5 of the Code of West Virginia, 1931, as amended (the "Act"), requires that an abstract of the Ordinance, together with a notice that the Ordinance has been adopted, that the Town contemplates the issuance of the Series A Bonds and the Series B Bonds described in the Ordinance and that any person interested may appear before the Council of the Town upon a certain date and present protests, be published; and

WHEREAS, the Act further requires that such abstract of the Ordinance be determined by the Council of the Town to contain sufficient information as to give notice of the contents of such Ordinance; and

WHEREAS, the Town Recorder presented to this meeting an abstract of the Ordinance (the "Abstract"), together with a notice as described above (the "Notice"), as hereinafter set forth; and

WHEREAS, the Council of the Town has reviewed the Abstract and has found and determined that such Abstract contains sufficient information as to give notice of the contents of the Ordinance;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HARRISVILLE, WEST VIRGINIA, AS FOLLOWS:

(1) It is hereby found and determined that the Ordinance was duly adopted by the Council of the Town at a meeting on August 9, 1994 and that the Act requires the Abstract, together with the Notice, to be published.

(2) The Abstract, together with the Notice, as prepared by the Town Recorder in the following form and substance:

Notice is hereby given to any person interested that on August 9, 1994, the Council of The Town of Harrisville, West Virginia (the "Town") enacted an ordinance which:

1. Authorized the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing waterworks system of the Town and the financing of the permanent cost, not otherwise provided, thereof through the issuance by the Town of not more than \$660,000 in aggregate principal amount of Water Revenue Bonds, Series 1994 A and the issuance by the Town of not more than \$45,000 in aggregate principal amount of Water Revenue Bonds, Series 1994 B (collectively, the "Bonds"). The Project, estimated at \$1,083,000, was authorized to be financed with the Bond Proceeds, a \$330,000 grant from the Farmers Home Administration and a \$47,750.60 grant from the USDA-Soil Conservation Service.

2. Directed that the Bonds be issued in the form of one bond for each series, fully registered with a payment record attached; that interest on the Bonds shall be no more than four and one-half percentum (4.5%) per annum, that said Bonds mature in not more than forty years and that said Bonds be sold for the par value thereof; that the Bonds be executed in the name of the Town by the Mayor, and the seal of the Town be affixed thereto and attested to by the Town Recorder; that such Bonds be duly authenticated by the Registrar and delivered to Farmers Home Administration as the Original Purchaser.

3. Directed the establishment or continuation of a Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly payment of principal and interest when due; provided for the creation of a Debt Service Reserve Account and a Depreciation Account; and provided for the use of excess funds of the System.

4. Provided for the disbursement of Bond proceeds and created a Construction Trust Fund.

5. Provided that rates and charges for the system be sufficient to pay for the operating expenses, principal and interest on the Bonds, Debt Service Reserve Account requirements and Depreciation Account requirements and covenanted that the rates will produce net revenues at least equal to 110% of the average annual debt service of obligations of the system.

6. Pledged to payment of the Bond the gross revenues of the waterworks system, such pledge to be on a parity with the lien of the Town's outstanding Water Revenue Promissory Note, Series 1967.

7. Directed that additional bonds on a parity with the Bond may be issued upon compliance with the terms and conditions of the Ordinance.

8. Provided for insurance coverage on the Project; provided that the Town will render no free service; provided for the enforcement of collection of fees, rates, rentals or other charges for service.

9. Established the terms for defaults and the remedies of the Bondholders.

10. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

11. Authorized interim financing for the Project in the form of a line of credit in an

amount not to exceed \$705,000 to be paid with the Bonds and grant proceeds.

The Town contemplates the issuance of the Bond described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of The Town of Harrisville at a meeting thereof at 7:30 p.m., prevailing time, on August 23, 1994 at Town Hall, Harrisville, Ritchie County, West Virginia, and present protest and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of Town on August 9, 1994, is on file in the Office of the Town Recorder for review by interested persons during the regular office of such office, to-wit: 9:00 a.m. to 4:00 p.m. Mondays through Fridays.

/s/ Donna Rae Millenix
Recorder of The Town of
Harrisville, West Virginia

contains sufficient information as to give notice of the contents of the Ordinance.

(3) The Town Recorder, as provided in the Notice, shall maintain in her office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office.

(4) The Council of the Town, as provided in the Notice, shall meet on August 23, 1994, at 7:30 p.m., prevailing time, in the Council Chambers in Town Hall for the purpose of hearing all protests and suggestions regarding whether the Ordinance shall be put into effect.

(5) The Town Recorder is hereby authorized and directed to cause the Abstract, together with the Notice, to be published as

a Class II legal advertisement in the Ritchie Gazette, newspaper of general circulation of the Town, and the first publication of such Abstract and Notice shall be not less than ten (10) days before the date set aforesaid at which interested persons may appear before the Council of the Town and present protests, and the last publication of such Abstract and Notice shall be prior to said date set aforesaid.

(6) At such hearing, all protests and suggestions shall be heard, and the Council of the Town shall take such actions as it shall deem proper in the premises; provided, however, that if at such hearing written protest is filed by thirty percent (30%) or more of the freeholders of the Town then the Council of the Town shall not take further action unless four-fifths (4/5) of the qualified members of said Council assent thereto.

(7) This resolution shall take effect immediately upon adoption.

AB20913

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of The Town of Harrisville, Harrisville, Ritchie County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of an official record of The Town of Harrisville, such records being in the custody of the undersigned and maintained at The Town of Harrisville, Town Hall, Harrisville, Ritchie County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended or repealed.

Dated this 24th day of August, 1994.


Recorder

[SEAL]

AB00915

Supplemental Resolution

Introduced in Council

August 23, 1994

Introduced by

Samme Gee

Adopted by Council

August 23, 1994

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE EFFECTIVE DATE OF THE ORDINANCE AND TO THE DATE, INTEREST RATE, AND SALE PRICE OF THE WATER REVENUE BONDS, SERIES 1994 A AND WATER REVENUE BONDS, SERIES 1994 B, OF THE TOWN OF HARRISVILLE, WEST VIRGINIA; DESIGNATING A REGISTRAR AND DEPOSITORY BANK; PROVIDING FOR LINE OF CREDIT AND CREDIT LINE NOTE AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Council") of The Town of Harrisville, West Virginia (the "Town") has duly and officially adopted an Ordinance on August 9, 1994, (the "Ordinance"), entitled:

An Ordinance authorizing the issuance of The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1994 A, in aggregate principal amount not to exceed \$660,000, and the sale thereof to the United States Department of Agriculture, Farmers Home Administration, and the issuance of The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1994 B in aggregate principal amount not to exceed \$45,000 and the sale thereof to the United States Department of Agriculture, Farmers Home Administration, to finance, along with other funds and moneys of, or available to, The Town of Harrisville that may be lawfully expended for such purposes, the long-term cost of the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks system of The Town of Harrisville, West Virginia; providing for the rights and remedies of and security for the owner of such

Water Revenue Bonds; and enacting other provisions related thereto.

WHEREAS, terms used and not defined herein shall have the meanings set forth in the Ordinance; and

WHEREAS, the Council of the Town on August 9, 1994 adopted a resolution ("Resolution"), which pursuant to Chapter 8, Article 19, Section 5 of the Code of West Virginia, 1931, as amended (the "Act") directed the Recorder of the Town to publish an abstract of the Ordinance (the "Abstract"), together with a notice that the Ordinance had been adopted, that the Town contemplates the issuance of the Water Revenue Bonds, Series 1994 A and Water Revenue Bonds, Series 1994 B described in the Ordinance, and that any person interested may appear before the Council upon a certain date and present protests (the "Notice"); and

WHEREAS, the Resolution required that the Abstract and Notice be published as a Class II legal advertisement in the Ritchie Gazette and that the first publication of such Abstract and Notice was to be not less than ten (10) days before the date set by the Resolution and Notice for the public hearing at which interested persons might appear before the Council and present protests and suggestions and the last publication of such Abstract and Notice was to be prior to said date set by the Resolution and the Notice; and

WHEREAS, the Resolution and Notice provided for public hearing to be held at Town Hall at 7:30 p.m., prevailing time, on August 23, 1994; and

WHEREAS, the Ordinance provides for the issuance of Water Revenue Bonds, Series 1994 A of The Town of Harrisville, West Virginia in an aggregate principal amount not to exceed \$660,000, and the issuance of Water Revenue Bonds, Series 1994 B of The Town of Harrisville, West Virginia in an aggregate principal amount not to exceed \$45,000 (individually the "Series 1994 A Bonds" and "Series 1994 B Bonds" or collectively the "Bonds") all in accordance with, and in the Ordinance, and it is provided that the interest rates and sale price of the Bonds should be established by a supplemental resolution and that other matters relating to the Bonds be herein provided for; and

WHEREAS, Farmers Home Administration proposes to purchase the Bonds; and

WHEREAS, it is in the best interest of the Town to enter into the line of credit agreement, evidenced by the Line of Credit Note (the "Note");

WHEREAS, the Ordinance authorizes the Town to obtain a line of credit to temporarily finance costs of the Project pending receipt of the proceeds of the Bonds; and

WHEREAS, Huntington National Bank West Virginia - Harrisville Office has offered to issue a line of credit to the Town; and

WHEREAS, the Council of the Town deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the Ordinance be placed into effect and that the price of and the interest rate on the Bonds be fixed hereby in the

manner stated herein; that the terms of the Note be financed hereby in the manner stated herein; and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HARRISVILLE, WEST VIRGINIA:

Section 1. It is hereby found and determined:

(A) That the Abstract and Notice were duly published in the Ritchie Gazette, a newspaper of general circulation in The Town of Harrisville, with the first publication thereof being on August 11, 1994, which first publication was not less than ten (10) days before the day set by the Resolution and Notice for the public hearing at which interested persons might appear before the Council of the Town and present protests and suggestions and with the last publication thereof being on August 18, 1994, which last publication date was prior to said date set by the Resolution and Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publication is attached hereto and incorporated herein;

(B) That in accordance with the Resolution and the Notice, the Recorder of the Town has maintained in her office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office;

(C) That, in Council chambers, Town Hall, Harrisville, West Virginia on Tuesday, August 23, 1994 at 7:30 p.m. prevailing time, in accordance with the Resolution and Notice, the Council met for the purpose of hearing protests and suggestions

regarding whether the Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) That, at the public hearing, no significant reasons were presented that could require modification or amendment of the Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Town; and

(E) The Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there is hereby authorized and ordered to be issued:

(A) the Water Revenue Bonds, Series 1994 A of the Town, originally represented by a single bond, numbered AR-1, in the principal amount of \$660,000 and the Water Revenue Bonds, Series 1994 B of the Town, originally represented by a single bond, numbered BR-1, in the principal amount of \$45,000. The Bonds shall be dated the date of delivery thereof, shall finally mature forty years from the date thereof, shall bear interest at the rate of four and one-half percent (4.5%) per annum payable on the principal amount advanced on each Bond, payable monthly commencing thirty days from the date of the Bond. The Bonds are subject to prior redemption as set forth in the Ordinance;

(B) the Bonds shall bear interest only on the amounts advanced thereunder, payable monthly commencing thirty days from the date of delivery of the Bonds and continuing on the

corresponding day of each month for the first twenty-four months after the date thereof and thereafter monthly installments of \$3,030 for the Series 1994 A Bonds and \$207 for the Series 1994 B Bonds, except that the final installment on each Bond shall be paid at the end of forty years from the date of such Bond in the sum of the unpaid principal and interest on the date thereof.

Section 3. All other provisions relating to the Bonds shall be as provided in the Ordinance and the Bonds shall be in substantially the form provided in the Ordinance with such changes, insertions and omissions as may be approved by the Mayor of the Town. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval.

Section 4. The Town hereby approves and accepts the offer of the Farmers Home Administration on behalf of the United States of America to purchase the Bonds. The execution and delivery by the Mayor and Recorder of the Bonds, and the performance of the obligations contained therein, on behalf of the Town are hereby authorized, approved and directed. The price of the Bonds shall be a total of six hundred sixty thousand dollars (\$660,000) for the Series 1994 A Bonds (100¢ of par value) and forty-five thousand dollars (\$45,000) for the Series 1994 B Bonds (100¢ of par value) said purchase price to be advanced from time to time to the Town as needed to pay Project costs.

Section 5. The Town hereby appoints and designates Huntington National Bank West Virginia - Harrisville Office, with

its principal office in Harrisville, West Virginia, as the Depository Bank, as provided in the Ordinance.

Section 6. The Town hereby appoints and designates Huntington National Bank West Virginia - Harrisville Office, with its principal office in Harrisville, West Virginia, as Registrar for the Bonds and as provided in the Ordinance.

Section 7. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Ordinance and the Farmers Home Administration financing.

Section 8. The financing of the Project by the Bonds are in the public interest, serve a public purpose of the Town and will promote the health, welfare and safety of the residents of the Town.

Section 9. The line of credit in the amount not to exceed \$705,000 and at an interest rate equal to ninety percent (90%) of the highest prime rate published from time to time in the "money rate" section of the Wall Street Journal if the Credit Line Note is tax-exempt not to exceed the legally allowable amount is hereby approved. The Mayor and Recorder are authorized to execute such documents as are necessary to place the line of credit into effect, including the Line of Credit Note (the "Note") and the Credit Agreement, both attached hereto and incorporated herein by reference.

The Town does hereby find and determine that the amount of bonds and notes, other than private activity bonds, which it

anticipates issuing during calendar year 1994 shall not exceed \$10,000,000 and therefor the Town hereby designates the Note as "qualified tax exempt obligations" for the purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

Section 10. The Town covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Note which would cause the Note to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Note) so that the interest on the Note will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 11. The Town shall not permit at any time or times any of the proceeds of the Note or any other funds of the Town to be used directly or indirectly in a manner which would result in the exclusion of the Note from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Note as 'private activity bonds' within the meaning of the Code. The Town will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Note.

Section 12. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Note, including, without limitation, the information return required under Section 149(e) of the Code.

Section 13. The Note, in whole or in part, is not, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

Section 14. The Town is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the System as covenanted pursuant to Sections 6.16 and 6.17, the Town is not private activity bonds within the meaning of the Code, and 95% or more than the net proceeds (as filed with respect to Code) of the Town will be used for local governmental activities of the Town. The Town and all subordinate entities reasonably expect to issue less than \$5,000,000 in aggregate principal amount of tax-exempt bonds (other than private activity bonds) during the calendar year, being 1994, in which the Note, if any, is to be issued. Therefore, the Town believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Town is in fact subject to such rebate requirement, the Town hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates. In the event the Town fails to make such rebates as required, the Town shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

Section 15. This Supplemental Resolution shall be effective immediately upon adoption.

This 23rd day of August, 1994.

THE TOWN OF HARRISVILLE, WEST VIRGINIA

Alan R. Haught
Mayor

[SEAL]

James R. Muller
Recorder

A880911

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of The Town of Harrisville, Ritchie County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of an official record of The Town of Harrisville, such records being in the custody of the undersigned and maintained at The Town of Harrisville, Town Hall, Harrisville, Ritchie County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended or repealed.

Dated this 24th day of August, 1994.



Recorder

(SEAL)

A220911

BOND AND LINE OF CREDIT ORDINANCE

THE TOWN OF HARRISVILLE, WEST VIRGINIA

**WATER REVENUE BONDS,
SERIES 1999**

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BOND ORDINANCE

Introduced in Council

Passed by Council

Introduced by

An Ordinance authorizing the issuance of The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1999 in the aggregate principal amount not to exceed \$200,000 and the sale thereof to the United States Department of Agriculture, Rural Utilities Service; to finance, along with other funds and moneys of, or available to, The Town of Harrisville that may be lawfully expended for such purposes, the long-term cost of the acquisition and construction of certain additions, betterments and improvements to the water distribution system of The Town of Harrisville, West Virginia authorizing a Line of Credit not to exceed \$200,000; providing for the rights and remedies of and security for the Registered Owners of the Water Revenue Bonds; and enacting other provisions related thereto.

BE IT ENACTED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HARRISVILLE, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

"Act" means Article 19 of Chapter 8 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

"Authorized Officer" means the Mayor of The Town of Harrisville or any other officer of said Town specifically designed by resolution of the Council, as hereinafter defined.

"Bond" or "Bonds" means the Original Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

"Bond Register" means the books of the Town maintained by the Registrar, as hereinafter defined, for the registration and transfer of Bonds.

"Bondholder," "Holder of the Bonds" or "Owner of the Bonds" or any similar term means any person who shall be the registered owner, as shown by the Bond Register, of any outstanding Bond.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Bonds in substantially the form set forth in the Bond form contained herein.

"Code" means the Internal Revenue Code of 1986, as amended, including any rules and regulations promulgated pursuant thereto or to any predecessors or successors thereto.

"Commission" means the West Virginia Municipal Bond Commission and any successors thereto.

"Construction Trust Fund" means the Bond Construction Trust Fund established by Section 6.02.

"Consulting Engineer" means Cerrone and Associates, Inc., consulting engineers, Wheeling, West Virginia, and any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of water distribution system that shall at any time be retained by the Town as consulting engineers for the System, as hereinafter defined.

"Costs" or "Cost for Works" or "Costs of Project" or similar phrases mean those costs described in Section 1.03(H) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

"Council" means the Town Council of the Town or any other governing body of the Town that succeeds to the functions of the Council as presently constituted.

"Depository Bank" means a state banking corporation or national banking association, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the Federal Deposit Insurance Corporation, as shall be appointed by a resolution supplemental hereto, and any successor thereto.

"Depreciation Account" means the Depreciation Reserve created in the Prior Ordinances and continued by Section 5.01(A).

"Event of Default" means any event or occurrence specified in Section 8.01.

"Fiscal Year" means each twelve month period beginning on July 1 and ending on the succeeding June 30.

"RUS" means United States Department of Agriculture, Rural Utilities Service, and any successor thereto.

"RUS Grant" or "Grant" means the grant from RUS in the amount of \$120,000.

"Government" means the United States Department of Agriculture, Rural Utilities Service, and any successor thereto, as the Original Bond Purchaser of the Original Bonds both as hereinafter defined.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Gross Revenues" or "revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provisions for uncollectible accounts; provided, that "gross revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments as defined herein) or any connection charges.

"Grant Agreement" means the written commitment for the payment of the RUS Grant, specifying the amount of such grant, the terms and conditions upon which said grant is made and the date or dates or event or events upon which grant is to be paid to the Town.

"Grant Receipts" means all monies received by the Town on account of the RUS Grant to pay costs of the Project.

"Independent Certified Public Accountant" means any firm of certified public accountants which shall be retained by the Town as independent accountants for the System, as hereinafter defined.

"Letter of Conditions" means the letter from RUS to the Town dated December 19, 1997, as amended and supplemented to the date hereof setting forth the conditions for purchase of the Original Bonds, and as may from time to time be supplemented and amended.

"Line of Credit" means the irrevocable line of credit in an amount not to exceed \$150,000 authorized by Section 4.01 hereof, the terms and amount of which may be approved by a resolution supplemental hereto.

"Line of Credit Agreement" means the agreement, if any, establishing the Line of Credit, said agreement to be approved by a resolution supplemental hereto.

"Mayor" means the Mayor of the Town.

"Net Revenues" means Gross Revenues less Operating Expenses, as hereinafter defined.

"Noteholder," "Registered Owner of the Notes" or "Owner of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, as hereinafter defined, in whose name such Note is registered.

"Notes" or "Credit Line Note" means the not more than \$150,000 in aggregate principal amount of interim construction financing, consisting of grant anticipation notes or a Line of Credit evidenced by notes, or any combination of the foregoing, as authorized by Article IV hereof and, unless the context clearly indicates otherwise, the term "Notes" includes any refunding grant anticipation notes of the Issuer.

"Notes Registrar" means the Registrar for the Notes which shall be designated by a resolution supplemental hereto.

"Operating Expenses" means the reasonable, proper and necessary cost of repair, maintenance and operation of the system and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the fiscal agents, registrars, paying agents and trustees, other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption, if any, or interest on interim financing or the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Ordinance," regardless of whether preceded by the article "the" or "this," means this Ordinance as it may hereafter from time to time be amended or supplemented.

"Original Bonds" means the not to exceed \$200,000 in aggregate principal amount of Water Revenue Bonds, Series 1999 of the Town originally authorized to be issued and sold to the Government pursuant to this Ordinance and which will be specifically designated by a Supplemental Resolution.

"Original Bond Purchaser" means the Government as purchaser, directly from the Town, of the Original Bonds issued pursuant hereto.

"Outstanding," when used with reference to Bonds, as of any particular date, describes all Bonds, and when applicable, all Prior Debt, theretofore and thereupon being issued and delivered except (a) any Bond canceled by the Registrar, as hereinafter defined, at or prior to said date; (b) any Bond for the payment of which monies equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 10.07; and (d) with respect to determining an specified percentage of Bondholders for the purpose of consents, notices and the like, any Bond registered to the Town.

"Paying Agent" means the bank or banks or other entity designed as such for the Bonds in a resolution supplemental hereto.

"Payment Date" means thirty (30) days following delivery of the Original Bonds, which date shall be specified in the Supplemental Resolution.

"Prior Debt" or "Prior Bonds" means collectively, the Town's Water Revenue Bonds, Series 1994 A, issued in the principal amount of \$660,000; the Town's Water Revenue Bonds, Series 1994 B, issued in the principal amount of \$45,000; and the Town's Water Revenue Promissory Note, dated August 4, 1967, issued in the principal amount of \$280,000.

"Prior Ordinances" means collectively, the Ordinances passed by the Council of the Town on August 23, 1994 authorizing the issuance of the Series 1994 A and the Series 1994 B Bonds and on June 6, 1967, authorizing the issuance of the Promissory Note.

"Project" means the additions, betterments and improvements to the existing municipal water distribution system of the Town described in Exhibit A attached hereto and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia or any other agency of the State that succeeds to the functions of the PSC.

"Qualified Investments" means and includes any of the following:

- (a) **Government Obligations;**
- (b) **Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;**
- (c) **Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;**
- (d) **Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;**
- (e) **Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the Federal Deposit Insurance Corporation ("FDIC") or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;**
- (f) **Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;**
- (g) **Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;**

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investor Services, Inc. or Standard and Poor's Corporation.

(j) Advanced - Refunded Municipal Bonds.

"Recorder" means the Recorder of the Town.

"Registrar" means the Registrar for the Bonds which shall be appointed by a resolution supplemental hereto.

"Reserve Account" or "Debt Service Reserve Account" means the Water Revenue Bond Debt Service Reserve Account established by Section 5.01(A).

"Reserve Requirement" means an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in any succeeding year.

"Revenue Fund" means the Water Revenue Fund established in the Prior Ordinances and continued with the Depository Bank by Section 5.01(A).

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article, refers specifically to the supplemental resolution authorizing the sale of the Original Bonds to the Government; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this ordinance to be set aside and held in, including but not limited to, sinking funds, the reserve accounts and the renewal and replacement funds for the payment of or security for the Bonds or any other obligations of the Town, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete existing water system now owned by the Town for a water supply system, in its entirety or any integral part thereof, and includes the Project and any extensions, additions, betterments and improvements thereto as authorized by this

Ordinance, or hereafter constructed or acquired for said water distribution system from any sources whatsoever, within and without said Town.

"Town" means The Town of Harrisville, municipal corporation of the State of West Virginia, and where appropriate, also means the Council thereof, and any department, board, agency or instrumentality thereof in control of the management and operation of the System.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing and masculine or neuter gender shall include all other genders.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with general accepted accounting principles.

The terms herein, hereunder, hereby, hereto, hereof and any similar terms refer to this Ordinance; and the term hereafter means after the date of the enactment of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority of This Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared that:

A. The Town now owns and operates a water system, furnishing water service to residences, premises and businesses residing or located within and without the area of the Town.

B. Certain improvements to the System were financed in part by the proceeds from the Prior Debt authorized pursuant to the Prior Ordinances.

C. The Town currently has outstanding the Prior Debt.

D. The Town derives revenues from the System, and, except for the pledges thereof to secure and pay the Prior Debt, said revenues are not pledged or encumbered in any manner.

E. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be constructed certain extensions, additions, betterments and improvements to the System in accordance with the plans and specifications prepared by the Consulting Engineers, which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof.

F. The Town has been awarded a RUS Grant in the amount of \$120,000.

G. The estimated maximum cost of the construction of the Project is \$275,000, of which \$155,000 will be permanently obtained from the proceeds of the Original Bonds herein authorized and \$120,000 will be obtained from the RUS Grant. The Town may obtain other Grants as may be necessary to pay Costs of Project.

H. It is deemed necessary for the Town to issue its Original Bonds in an aggregate principal amount not to exceed \$200,000 to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements, and franchises deemed necessary therefor; the cost of the construction of said extensions, additions, betterments and improvements to the System and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of the Project and the placing of the same in operation, and the performance of the things therein required or permitted, in connection with any thereof; the cost of designing the Project; the cost of interim financing for such Project, if any; interest on the Original Bonds prior to, during and for six months after the estimated date of completion of construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for the service of registrars, paying agents, depositories or other agents in connection with the issuance of the Original Bonds and such other expenses as may be necessary or desirable to said acquisition and construction of the Project and placing the same in operation and the financing authorized by this Ordinance.

I. The period of usefulness of the System after completion of the Project will not be less than forty years.

J. The estimated Gross Revenues to be derived in each year after the issuance of the Original Bonds from the operation of the System will be sufficient to pay all the cost of the operation and maintenance of said System, the principal of and interest on the Prior Debt authorized to be issued pursuant to the Prior Ordinances, the principal of and interest on the Original Bonds authorized to be issued pursuant to this Ordinance and all sinking fund, reserve and other payments provided for in the Prior Ordinances and in this Ordinance.

K. The Town derives revenues from the System and upon the issuance of the Original Bonds the Town will grant the Government a first lien on the Gross Revenues of the System on a parity with the lien of the Prior Debt. The Town has received the written consent from the holder of the Prior Debt consenting to the issuance of the Original Bonds on a parity to the Prior Debt.

L. Prior to the sale of the Original Bonds, the Town will have complied with all requirements of West Virginia law relating to the authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, including, among other things, obtaining a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal having expired.

M. Prior to the sale of the Original Bonds to the Original Bonds Purchaser, the Town will have obtained the written consent of the holders of the Prior Bonds and will meet the coverage and parity tests of the Prior Ordinances.

N. The Issuer has also made or will make arrangements for interim financing as requested by the Government.

O. The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements. It is in the best interest of the Town and its inhabitants to qualify for the small governmental unit exception from the rebate provisions for the Original Bonds. Accordingly, it is hereby found and determined:

(1) The Town is a governmental unit with general taxing powers.

(2) The Original Bonds and the Note are not private activity bonds as defined by the Code.

(3) Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Original Bonds and the Note will be used for local governmental activities of the Town.

(4) The Town reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the Town and all subordinate entities thereof during the calendar year in which the Original Bonds will be issued will not exceed \$5,000,000.

P. The Town will not permit, at any time, any of the proceeds of the Bonds or any other funds of the Town to be used directly or indirectly in a manner which would result

in the exclusion of the Bonds or the Note from the treatment afforded by Section 103(a) of the Code.

Q. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds and the Note.

R. Neither the Bonds nor the Note will be federally guaranteed within the meaning of the Code.

Section 1.04. Ordinance Constituting Contract. In consideration of the acceptance of the Original Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholders, and the covenants and agreements herein set forth to be performed by said Town shall be for the equal benefit, protection and security of the legal Holders of such Bonds.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SYSTEM

Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized the construction and acquisition of the Project in accordance with plans and specifications prepared by the Consulting Engineers; provided, that such plans and specifications, and the acquisition and construction of the Project in accordance therewith are subject to the issuance by the PSC of certificate of convenience and public necessity and to the specific authorization by Council pursuant to a Supplemental Resolution.

The Town has received bids or entered into contracts for the acquisition and construction of the Project.

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ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization of the Original Bonds. Subject and pursuant to the provisions thereof, the Bonds of the Town to be known as "The Town of Harrisville, West Virginia Water Revenue Bonds, Series 1999" (the "Original Bonds") are hereby authorized to be issued in an aggregate principal amount not to exceed Two Hundred Thousand Dollars (\$200,000) for the purpose of permanently financing a portion of the Costs of the Project.

Section 3.02. Description of Original Bonds. The Original Bonds shall be issued in the form of a single bond for each series designated "Water Revenue Bond," No. R-1 in the principal amount not to exceed \$200,000, fully registered to the Original Bond Purchaser. The Original Bonds shall be dated on the date of delivery thereof. The Bonds shall bear interest from date of delivery but only upon the amounts advanced thereunder, payable monthly, thirty days following the date on which the Bonds are issued, at a rate not to exceed four and three hundred and seventy-five thousandths percent (4.375%) per annum and shall be sold for an amount not to exceed par value thereof.

Notwithstanding any provision of the Bond to the contrary, each Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached thereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances, and payments and shall cease to accrue on the amount Outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced thereunder, commencing thirty days following the date on which the Bonds are issued and continuing on the corresponding day of each month for the first 24 months after the date hereof, and thereafter in installments of \$700 covering principal and interest on the Bond, on said corresponding day of each month, except that the final installment on the Bond shall be paid at the end of 40 years from the date of the Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided therein.

The Original Bonds shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the Town, shall be payable as provided in the Bond form hereinafter set forth and shall be subject to the other terms and provisions set forth in the Bonds and in the Supplemental Resolution.

Section 3.03. Execution of the Bonds. The Bonds shall be executed in the name of the Town by the Mayor, and the seal of the Town shall be affixed thereto and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Bonds shall cease to be such officer of the Town before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bond shall hold the proper office in the Town, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.07, shall have been manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered, and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability; Registration. The Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Bondholder, in accepting any said Bond, shall be conclusively deemed to have agreed that such Bond shall be, and have all of the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State, and each successive Bondholder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value. So long as any of the Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. Notwithstanding the foregoing, the Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon the transfer of a Bond, there shall be issued at the option of the Bondholder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond.

In all cases in which the privilege of exchanging Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provision of this Ordinance. All Bonds surrendered in any such transfer shall forthwith be canceled by the Registrar. For every

such transfer of Bonds, the Registrar may make a charge sufficient to reimburse his office for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each new Bond upon each transfer, and any other expenses of said Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer; provided, the Town shall pay any such expenses incurred in connection with a transfer or exchange by the Government. The Registrar shall not be obligated to make any such transfer of Bonds during the ten (10) days preceding any interest payment on the Bonds or after notice of any prepayment or redemption of the Bonds has been given.

Any registration or transfer of registration of Bonds shall include supplying the Registrar with a Federal Employer Identification Number of the Bondholder (or comparable identifying information if the Bondholder is not a corporate entity) and such other information and shall comply with such other requirements as shall be determined by nationally recognized bond counsel to be necessary to render the interest on the Bond excludable from gross income for purposes of federal income taxation.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may in its discretion issue and deliver, and the Registrar shall authenticate, a new Bond in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Town proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town and the Registrar may prescribe and paying such expenses as the Town and the Registrar may incur. Any Bond so surrendered shall be canceled by the Registrar and held for the account of the Town. If such Bond shall be matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

Any such duplicate Bond issued pursuant to this section shall constitute as original, additional contractual obligation on the part of the Town, whether or not the lost, stolen or destroyed Bond be at any time found by any one, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.07. Form of Bonds. Subject to the provisions of this Ordinance, the text of the Original Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance, the Supplemental Resolution or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof:

(Form of Bond R-1)

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF HARRISVILLE, WEST VIRGINIA
WATER REVENUE BOND, SERIES 1999**

\$ _____

Date _____

**Registered Owner: United States of America
National Finance Office
1520 Market Street
St. Louis, Missouri 63103**

FOR VALUE RECEIVED, THE TOWN OF HARRISVILLE, WEST VIRGINIA (herein called the "Borrower"), promises to pay to the order of the United States Department of Agriculture, Rural Utilities Service (herein called the "Government"), National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing and in the manner provided below, the principal sum of _____ (\$ _____) or such lesser amount as shall then be reflected on the Record of Advances and Payments attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of four and three hundred and seventy-five thousandths percent (4.375%) per annum. Notwithstanding any provision of this Bond to the contrary, this Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached hereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances and Payments and shall cease to accrue on the amount outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing thirty days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$700.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. This consideration shall support any agreement modifying the foregoing schedule of payments.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Extra payments, as defined in the regulations of the Rural Utilities Service, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Borrower has granted to the Government a lien on the proceeds of the Bond until such proceeds are expended for authorized purposes.

This Bond is issued to permanently finance a portion of the cost of construction and acquisition of certain additions, betterments and improvements to the Town's water distribution system (the "Project") (the Project, together with the existing water distribution system of the Town and any further extensions, additions, betterments and improvements thereto, herein called the "System") under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 19 of Chapter 8 of the Code of West Virginia, 1931, as amended, and an ordinance duly enacted by the Town Council of The Town of Harrisville on the 7th day of December, 1999, as supplemented by a resolution duly adopted by said Town Council on the 20th day of December, 1999 (herein collectively called the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Ordinance.

THIS BOND SHARES A FIRST LIEN PARITY POSITION WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT OF THE OUTSTANDING THE TOWN OF HARRISVILLE WATER REVENUE PROMISSORY NOTE, SERIES 1967, ISSUED IN THE ORIGINAL PRINCIPAL SUM OF \$280,000, THE TOWN OF HARRISVILLE WATER REVENUE BONDS, SERIES 1994 A, ISSUED IN THE ORIGINAL PRINCIPAL SUM OF \$660,000 AND THE TOWN OF HARRISVILLE WATER REVENUE BONDS, SERIES 1994 B, ISSUED IN THE ORIGINAL PRINCIPAL SUM OF \$45,000 (COLLECTIVELY, THE "PRIOR DEBT").

This Bond is payable only from and secured by a pledge of a first lien on the Gross Revenues (as defined in the Ordinance), on parity with the lien of the Prior Debt, to be derived from the operation of the System, moneys in the Debt Service Reserve Account created in the Ordinance (the "Debt Service Reserve Account") and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of, and interest on, this Bond and the Prior Debt and all bonds which may be issued for the construction, acquisition, improvement, extension or betterment of such System as when the same become due and payable, and which shall be set aside and remitted to the Holder of the Prior Debt pursuant to the Prior Ordinances and to the Government as provided herein and in the Ordinance. This Bond does not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Borrower be obligated to pay the same or the interest hereon except from the Net Revenues as defined in the Ordinance, derived from the operation of said System, the moneys in the Debt Service Reserve Account and unexpended Bond proceeds. The Borrower in said Ordinance has covenanted and agreed that the schedule of rates or charges from time to time in effect shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of the System, to pay all debt service on the Bonds and Prior Debt and to leave a balance each year equal to at least 110% of the amount required to pay the amount due in any ensuing year of principal of and interest on the Bonds and on all obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including the Prior Debt. Said Borrower has entered into certain further covenants with the owner of this Bond for the terms of which reference is made to said Ordinance. Remedies provided the owner of this Bond are exclusively as provided in the Ordinance, to which reference is here made for detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the owner or its duly authorized attorney or legal representative duly authorized in writing.

Subject to registration requirements, this Bond under the provision of the Act is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from responsible cooperative or private credit source at reasonable rates and

Copies of each annual budget shall be delivered to the Government by the beginning of each Fiscal Year.

If for any reason the Town shall not have adopted the annual budget before the first day of any Fiscal Year, it shall adopt a budget of current expenses from month to month until the adoption of the annual budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten percent (10%); and provided further, that adoption of a budget of current expenses shall not constitute compliance with the covenant to adopt an annual budget unless the Town's failure to submit an annual budget shall be for a reason beyond the control of the Town. Each such budget of current expenses shall be delivered and mailed immediately as in the case of the annual budget.

Section 7.12. Services Rendered to the Town. The Town will not render or cause to be rendered any free services of any nature by its System; and, in the event the Town or any department, agency, instrumentality, officer or employee of the Town shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Town and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Town shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be Revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other Revenues derived from such operation of the System.

Section 7.13. Enforcement of Collections. The Town will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent, to the full extent permitted or authorized by the laws of the State.

The Town further covenants and agrees that it will, to the full extent permitted by law, and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System for nonpayment of the fees, rentals or other charges for the services and facilities of the System, and will not restore such services until all delinquent charges for the services and facilities of all parts of the System, plus reasonable penalties and charges for the restoration of service, have been fully paid.

Section 7.14. No Competing Franchise. To the extent allowable by law, the Town will not grant or cause, consent to or allow the granting of any franchise or permit to any

person, firm, corporation or body, or agency or instrumentality, for the providing of any services which would compete with services provided by the System.

Section 7.15. Consulting Engineer. The Town will retain recognized, qualified independent Consulting Engineers on an annual basis to supervise generally the operation, maintenance and renewal of the System, and to report annually to the Town in writing their recommendations and comments as to the System. Such annual report of the Consulting Engineers, or a summary thereof, shall be made available at reasonable times to the Government and to any Bondholder requesting the same.

Section 7.16. PSC Order. The Town shall comply with the conditions of the PSC Order and any supplemental or amendment thereto.

Section 7.17. Connections. To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

Section 7.18. Wetlands Covenant. The Town shall not use any Bond proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. Failure to comply with this covenant shall constitute an Event of Default under Section 8.01(C) of this Ordinance.

Section 7.19. Covenant to Amend Ordinance. The Town retains the right to make any amendments, insertions or deletions by Supplemental Resolution of this Ordinance as the Issuer deems necessary prior to the issuance of the Bonds to meet the requirements of the Government.

Section 7.20. Compensation of the Town. The Town hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Council of the Town in excess of the amount, if any, permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein and in the Prior Ordinances, nor when there is a default in the performance of or compliance with any covenants or provision hereof or of the Prior Ordinances.

Section 7.21. Funds and Accounts Under Prior Ordinances. The Town hereby covenants that all payments into the respective funds and accounts created under the Prior Ordinances will have been made in full as required by the Prior Ordinances prior to the date of delivery of the Bonds.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. Each of the following events is hereby declared an "Event of Default":

A. Failure to make payment of the principal of any of the Bonds either at the date therein specified for its payment or on the date fixed for redemption by proceedings for redemption, or otherwise;

B. Failure to make payment of any installment of interest due on any of the Bonds on the date specified for the payment of such interest;

C. Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Town contained in the Bonds, or in this Ordinance, or violation of or failure to observe any provision of any pertinent law, provided, that a default under any other agreement the Town has with the Government constitutes a default hereunder, and provided that any such failure or violation, excluding those covered in A and B above in this section, must continue for a period of thirty (30) days after written notice shall have been given to the Town by any Bondholder specifying such failure or violation and requiring the same to be remedied.

D. If the Town files a petition seeking organization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

E. The use of any proceeds of the Original Bonds for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

Section 8.02. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, if the Government is the Holder or any of the Bonds outstanding, the Government, at its option, may:

A. Declare the entire principal amount of the Bonds held by it then outstanding, and any interest accrued thereon, immediately due and payable;

B. For the account of the Town, incur and pay reasonable expenses for repair, maintenance and operation of the System and such other reasonable expenses as may be necessary to cure the cause of default; or

ARTICLE IX

INVESTMENTS; NON-ARBITRAGE

Section 9.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the Town in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section and in accordance with the Letter of Conditions.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount and investments in the "consolidated fund" of the West Virginia State Board of Investments shall be valued at par. The Town shall direct the Depository Bank to sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or wilful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

A. Qualified Investments acquired from the Debt Service Reserve Account shall have maturities or be subject to redemption at the option of the holder within five (5) years from the date of acquisition provided that all investment earnings on moneys in the Debt Service Reserve Account shall be transferred, not less than once a year, to the Revenue Fund and applied in full to the next ensuing principal payment due on the Bonds.

B. Qualified Investments acquired for the Depreciation Reserve Fund shall have maturities or be subject to redemption at the option of the holder within ten (10) years from the date of acquisition.

C. Take possession of the System and repair, maintain and operate such facilities.

Section 8.03. Remedies and Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Town under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System, and segregation of the revenues therefrom and the application thereof. Upon the happening of an Event of Default, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town, with power to change rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and the interest thereon, the deposits into the funds and accounts hereby established as herein provided, and the payment of Operating Expenses of the System, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Prior Ordinances, this Ordinance and the Act. The rights of the Bondholders shall be junior and subordinate to the rights of the holders of the Prior Debt.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Town exercise all the rights and powers of the Town with respect to said facilities.

Whenever all that is due upon the Bonds issued pursuant to this Ordinance, and interest thereon, and under any covenants of this Ordinance for reserve, sinking or other funds, and upon any other obligations having a charge, lien or encumbrance upon the revenues of the System, and interest thereon, shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Town upon the entry of an order to the court to that effect. Upon any subsequent Event of Default, any Holder of Bonds issued pursuant to this Ordinance shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

C. Qualified Investments may be purchased for the Debt Service Reserve Account or the Depreciation Reserve Fund either in the open market or from the Construction Trust Fund. If so purchased from the Construction Trust Fund, such Qualified Investments shall be purchased at a price equal to their original purchase price plus accrued interest.

D. Any interest earned on the funds held in the Construction Trust Fund must be remitted promptly, at least quarterly, to the Rural Utilities Service.

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ARTICLE X

MISCELLANEOUS

Section 10.01. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto shall be made without the consent in writing of the Holders of sixty-six and two-thirds or more in principal amount of the bonds then outstanding; provided, however, that no change shall be made in the maturity of any Bond or Bonds, or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Town to pay such principal of and interest on the Bonds as the same shall become due out of the Gross Revenues. Notwithstanding the above, no amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent of 75% of the Holders of each series of Bonds outstanding to waiver or modification of the limitation upon issuance of Additional Bonds contained in Section 7.08.

Section 10.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.03. Table of Contents and Headings. The Table of Contents and headings of the articles, sections or subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.04. Award and Delivery of Original Bonds. The Mayor and the Recorder of the Town are hereby authorized and directed to cause Bond No. R-1, representing all the Original Bonds, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery and further agrees to pay, from time to time and in the manner set forth herein and in the Supplemental Resolution, the principal and interest on Bond No. R-1.

Section 10.05. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, other than the Prior Ordinances in conflict with this Ordinance are to the extent of such conflict repealed; provided, however, that any loan resolution, or part thereof, adopted by the Town on Form RUS 1942-47 shall not be repealed hereby.

Section 10.06. Covenant of Due Procedure. The Town covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened,

have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Town Recorder and members of Council of the Town were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 10.07. Discharge and Satisfaction. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manners stipulated therein and in this Ordinance, then the respective pledges of the Gross Revenues, Original Bond proceeds and other moneys and securities pledged in this Ordinance, and all covenants, agreements and other obligations of the Town to the bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. Such prepayment, discharge and satisfaction shall be governed by the terms of the Letter of Conditions and the regulations promulgated by the Government.

Section 10.08. Abstract of Ordinance and Notice of Public Hearing. Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least six full days intervening between each publication, in The Ritchie Gazette and The Pennsboro News, newspapers of general circulation in The Town of Harrisville, together with a notice stating that this Ordinance has been adopted and that the Town contemplates the issuance of the Bonds, and that any person interested may appear before the Town upon a certain date, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Town for review by interested persons during office hours of the Town. The Council hereby determines that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Town shall take such action as it shall deem proper in the premises.

Section 10.09. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in accordance with the Act.

First Reading: November 30, 1999

**Second Reading
and Passage: December 7, 1999**

**Public Hearing and
Effective Date: December 20, 1999**

THE TOWN OF HARRISVILLE, WEST VIRGINIA

By: Alan R. Haught
Mayor

ATTEST:

[SEAL]

Denise Lee Muller
Town Recorder

CHASFS3:143760

**EXHIBIT A
THE TOWN OF HARRISVILLE, WEST VIRGINIA
PROJECT DESCRIPTION**

The project shall consist of an extension to its water distribution system to provide water service to the residents along Rt. 31, south of the Town of Harrisville, in Ritchie County.

EXHIBIT B

THE TOWN OF HARRISVILLE, WEST VIRGINIA

ABSTRACT OF BOND ORDINANCE and NOTICE OF PUBLIC HEARING

Notice is hereby given to any person interested that on December 7, 1999, the Council of The Town of Harrisville, West Virginia (the "Town") adopted an ordinance which:

1. Authorized the acquisition and construction of certain additions, extensions, betterments and improvements (the "Project") to the water system ("System") of the Town and the financing of the permanent cost, not otherwise provided, thereof through the issuance of not more than \$200,000 in aggregate principal amount of Water Revenue Bonds, Series 1999 (the "Bonds"). The Project, estimated at \$275,000, was authorized to be financed with the Bond proceeds and with a grant from the United States Department of Agriculture, Rural Utilities Service ("RUS") in the amount of \$120,000.

2. Directed that the Bonds be issued in the form of one bond, fully registered with a payment record attached, at an interest rate not to exceed four and three hundred and seventy-five thousandths percent (4.375%) per annum; that said Bonds mature in not more than forty years and that said Bonds be sold for the par value thereof; that the Bonds be issued; that the Bonds be executed in the name of the Town by the Mayor, and the seal of the Town be affixed thereto and attested to by the Recorder; that such Bonds be duly authenticated by the Registrar and delivered to RUS as the Original Purchaser.

3. Authorized Town to arrange for a line of credit not to exceed \$200,000 to be paid with the Bonds and grant proceeds; authorized the issuance of the credit line note to secure the line of credit; provided for the security thereof; and authorized the execution of documents in connection with the both the line of credit and the credit line note.

4. Directed the continuation of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly payment of principal and interest when due, Debt Service Reserve Account requirements and Depreciation Account requirements and covenanted that the rates will produce net revenues at least equal to 110% of the average annual debt service of the obligations of the System; and provided for the use of excess funds of the System.

5. Provided for the application of Bond proceeds and created a Construction Trust Fund.

6. Pledged to payment of the Bonds the Gross Revenues of the System on a parity with the Town's Water Revenue Bonds, Series 1994 A, the Town's Water Revenue Bonds, Series 1994 B and the Town's Water Revenue Promissory Note, dated August 4, 1967.

7. Provided upon certain conditions for the issuance of additional bonds.

8. Provided for insurance coverage on the Project; provided that the Town will render no free service; provided for the enforcement of collection of fees, rates, rentals or other charges for service.

9. Established the terms for defaults and the remedies of the Bondholders.

10. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Town contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of The Town of Harrisville at a special meeting thereof at 7:30 p.m., prevailing time, on December 20, 1999, at the Municipal Building, 1501 E. Main Street, Harrisville, West Virginia, and present objections and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of the Town on December 7, 1999, is on file with the Recorder for review by interested persons during the regular hours at the Recorder's Office, Harrisville, West Virginia, to-wit: 9:00 a.m. to 4:00 p.m., Monday through Friday.

**/s/ Donna Rae Mullenix
Recorder-The Town of Harrisville,
West Virginia**

CERTIFICATE

I, the undersigned, Recorder of The Town of Harrisville, Richis County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the Bond Ordinance duly enacted by the Council of The Town of Harrisville at a meeting on December 20th, 1999.

Dated this 20th day of December, 1999.

THE TOWN OF HARRISVILLE, WEST VIRGINIA

By: Donna Lee Mudd
Recorder

(SEAL)

CBASF33:143760

Supplemental Resolution

2.8

Introduced in Council

December 20, 1999

Introduced by

Adopted by Council

Mayor Alan R. Haught

December 20, 1999

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE EFFECTIVE DATE OF THE ORDINANCE AND TO THE DATE, INTEREST RATE, AND SALE PRICE OF THE WATER REVENUE BONDS, SERIES 1999, OF THE TOWN OF HARRISVILLE; DESIGNATING A REGISTRAR AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Council") of The Town of Harrisville, West Virginia (the "Town") has duly and officially adopted a Bond Ordinance on December 7, 1999, (the "Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE TOWN OF HARRISVILLE, WEST VIRGINIA WATER REVENUE BONDS, SERIES 1999 IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$200,000 AND THE SALE THEREOF TO THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE; TO FINANCE, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF HARRISVILLE THAT MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, THE LONG-TERM COST OF THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER DISTRIBUTION SYSTEM OF THE TOWN OF HARRISVILLE, WEST VIRGINIA AUTHORIZING A LINE OF CREDIT NOT TO EXCEED \$200,000; PROVIDING FOR THE RIGHTS AND REMEDIES

**OF AND SECURITY FOR THE REGISTERED OWNERS OF
THE WATER REVENUE BONDS; AND ENACTING OTHER
PROVISIONS RELATED THERETO.**

WHEREAS, terms used and not defined herein shall have the meanings set forth in the Ordinance; and

WHEREAS, the Ordinance directed the Recorder of the Town to publish an abstract of the Ordinance (the "Abstract"), together with a notice that the Ordinance had been adopted, that the Town contemplates the issuance of the Series 1999 Bonds described in the Ordinance that any person interested may appear before the Council upon a certain date and present protests (the "Notice"); and

WHEREAS, the Ordinance required that the Abstract and Notice be published as a Class II legal advertisement in the Ritchie Gazette and The Pennsboro News and that the first publication of such Abstract and Notice was to be not less than ten (10) days before the date set by the Ordinance and Notice at which interested persons might appear before the Council and present protests and suggestions and the last publication of such Abstract and Notice was to be prior to said date set by the Ordinance and the Notice; and

WHEREAS, the Notice provided for public hearing to be held at the Municipal Building at 7:30 p.m., prevailing time, on December 20, 1999; and

WHEREAS, the Ordinance provides for the issuance of Water Revenue Bonds, Series 1999 (the "Bonds") of The Town of Harrisville in an aggregate principal amount not to exceed \$200,000, all in accordance with, and in the Ordinance, and it is provided that the interest rates and sale price of the Bonds should be established by a supplemental resolution and that other matters relating to the Bonds be herein provided for; and

WHEREAS, United States Department of Agriculture, Rural Utilities Service ("RUS") proposes to purchase the Bonds; and

WHEREAS, the Council of the Town deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the Ordinance be placed into effect and that the price of and the interest rate on the Bonds be fixed hereby in the manner stated herein; and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HARRISVILLE, WEST VIRGINIA:

Section 1. It is hereby found and determined:

(A) That the Abstract and Notice were duly published in the Ritchie Gazette and The Pennshoro News, both newspapers of general circulation in The Town of Harrisville, with the first publications thereof being on December 9, 1999, and December 8, 1999, respectively, which first publications were not less than ten (10) days before the day set by the Ordinance and Notice for the public hearing at which interested persons might appear before the Council of the Town and present protests and suggestions and with the last publications thereof being on December 16, 1999, and December 15, 1999, respectively, which last publication dates were prior to said date set by the Ordinance and Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publication are attached hereto and incorporated herein;

(B) That in accordance with the Ordinance and the Notice, the Recorder of the Town has maintained in her office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office;

(C) That, in Council chambers, Municipal Building, 1501 East Main Street, Harrisville, West Virginia at 7:30 p.m. prevailing time on December 20, 1999, in accordance with the Ordinance and Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) That, at the public hearing, no significant reasons were presented that could require modification or amendment of the Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Town; and

(E) The Ordinance shall be put into effect as of the date hereof and the Series 1999 Bonds contemplated thereby shall be issued, all as provided in the Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there is hereby authorized and ordered to be issued:

(A) the Water Revenue Bond, Series 1999 of the Town, originally represented by a single bond, numbered R-1, in the principal amount of \$155,000. The Series 1999 Bonds shall be dated the date of delivery thereof, shall finally mature forty years from the date thereof, shall bear interest at the rate of four and three hundred and seventy-five

thousandths percent (4.375%) per annum payable on the principal amount advanced on the Bond, payable monthly. The Series 1999 Bond is subject to prior redemption as set forth in the Ordinance;

(B) the Series 1999 Bonds shall bear interest only on the amounts advanced thereunder, commencing on thirty days following the date of delivery of the Bonds and continuing on the corresponding day of every month thereafter for the first twenty-four months after the date thereof and thereafter monthly installments of \$700.00 for the Series 1999 Bonds, except that the final installment on the Bond shall be paid at the end of forty years from the date of such Bond in the sum of the unpaid principal and interest on the date thereof.

Section 3. All other provisions relating to the Bonds shall be as provided in the Ordinance and the Bonds shall be in substantially the form provided in the Ordinance with such changes, insertions and omissions as may be approved by the Mayor of the Town. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval.

Section 4. The Town hereby approves and accepts the offer of RUS to purchase the Bonds. The execution and delivery by the Mayor and Recorder of the Bonds, and the performance of the obligations contained therein, on behalf of the Town are hereby authorized, approved and directed. The price of the Bonds shall be a total of One Hundred Fifty-Five Thousand Dollars (\$155,000) (100% of par value) said purchase price to be advanced from time to time to the Town as needed to pay Project costs.

Section 5. The Town hereby appoints and designates Wesbanco, Harrisville, West Virginia, as the Depository Bank

Section 6. The Town hereby appoints and designates Wesbanco, Parkersburg, West Virginia, as Registrar for the Bonds as provided in the Ordinance.

Section 7. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Ordinance and the RUS financing.

Section 8. The financing of the Project by the Bonds are in the public interest, serve a public purpose of the Town and will promote the health, welfare and safety of the residents of the Town.

Section 9. This Supplemental Resolution shall be effective immediately upon adoption.

THE TOWN OF HARRISVILLE,
WEST VIRGINIA

Alan R. Haugle
Mayor

[SEAL]

Donna Rae Mullins
Recorder

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of The Town of Harrisville, Ritchie County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of an official record of The Town of Harrisville, such records being in the custody of the undersigned and maintained at The Town of Harrisville, Municipal Building, 1501 East Main Street, Harrisville, Ritchie County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended or repealed.

Dated this 20th day of December, 1999.


Recorder

[SEAL]

CC143778

**THE TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

2.7

BOND ORDINANCE

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THE TOWN OF HARRISVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF HARRISVILLE:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Bond Legislation. This Ordinance (together with any ordinance or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended, and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings in this Bond Legislation unless the context expressly requires otherwise.

"Act" means Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Bond Legislation.

“Bond Legislation,” “Ordinance” or “Bond Ordinance” means this Bond Ordinance in its present form and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

“Bonds” means, collectively, the Series 2008 A Bonds, the Prior Bonds and any Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Bond Legislation.

“Closing Date” means the date upon which there is an exchange of the Series 2008 A Bonds for all or a portion of the proceeds of the Series 2008 A Bonds.

“Commission” means the West Virginia Municipal Bond Commission or any other agency of the State that succeeds to the functions of the Commission.

“Consulting Engineers” means Cerrone Associates, Inc., Wheeling, West Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

“Cost of Project” or “Costs” means those costs described in Section 1.04 E. hereof to be a part of the cost of the acquisition and construction of the Project.

“Depository Bank” means the bank or banks designated as such in the Supplemental Resolution and any successors and assigns, which shall be a member of FDIC.

“Depreciation Account” means the Depreciation Account created by the Prior Ordinances and continued hereby.

“Event of Default” means any event or occurrence specified in Section 9.01 hereof.

“FDIC” means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

“Fiscal Year” means each twelve-month period beginning on July 1 and ending on the succeeding June 30.

“Governing Body” means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

“Government” means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2008 A Bonds.

“Government Obligations” means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided that, “Gross Revenues” does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined.

“Independent Certified Public Accountants” means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

“Issuer” means The Town of Harrisville, a municipal corporation and political subdivision of the State in Ritchie County, West Virginia, and, when appropriate, also means the Governing Body thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

“Letter of Conditions” means, collectively, the Letter of Conditions from the Government dated April 7, 2004, and all amendments thereto.

“Mayor” means the Mayor of the Issuer.

“Net Revenues” means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereafter defined.

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs); fees and expenses of fiscal agents, depository banks, registrars, paying agents and trustees (other than those

(M0430184.1)

capitalized as part of the Costs); payments to pension or retirement funds; taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided that, "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds; charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets; and amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding" when used with reference to Bonds, as of any particular date, describes all such Bonds theretofore and thereupon being authenticated and delivered except (i) any such Bond canceled by the Registrar, at or prior to said date; (ii) any such Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity of any such Bond, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any such Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Registered Owners, any such Bond registered to the Issuer.

"Parity Bonds" means the Parity Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Prior Bonds" means the Issuer's (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000; (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000; and (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000.

"Prior Ordinances" means, collectively, the ordinances of the Issuer enacted August 23, 1994, and December 20, 1999, as supplemented, authorizing the Prior Bonds.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia or any successor to the functions thereof.

“PSC Order” means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

“Qualified Investments” means and includes any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as

(M0430182.1)

practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investor Service, Inc., or Standard and Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

"Registered Owner" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Registrar" or "Bond Registrar" means the Issuer, which shall so serve by the Recorder.

"Reserve Accounts" means, collectively, the respective Reserve Accounts created for the Series 2008 A Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective reserve requirements of the Series 2008 A Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 2008 A Bonds" means the Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), of the Issuer, authorized to be issued by this Bond Legislation.

"Series 2008 A Bonds Construction Trust Fund" means the Series 2008 A Bonds Construction Trust Fund created by Section 5.01 hereof.

“Series 2008 A Bonds Reserve Account” means the Series 2008 A Bonds Reserve Account created by Section 5.02 hereof.

“Series 2008 A Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2008 A Bonds in the then current or any succeeding Fiscal Year.

“Series 2008 A Bonds Sinking Fund” means the Series 2008 A Bonds Sinking Fund created by Section 5.03 A (1) hereof.

“Sinking Funds” means, collectively, the respective Sinking Funds created for the Series 2008 A Bonds and the Prior Bonds.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution, ordinance or order of the Issuer supplementing or amending this Bond Legislation and when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Series 2008 A Bonds; provided that, any matter intended by this Bond Legislation to be included in the Supplemental Resolution with respect to the Series 2008 A Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by this Bond Legislation to be set aside and held for the payment of or security for the Series 2008 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, the Reserve Accounts and the Depreciation Account.

“System” means the complete existing waterworks system of the Issuer, and shall include the Project and any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

“Tap Fees” means the fees, if any, paid by prospective customers of the System in order to connect thereto.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. Words importing the masculine, feminine or neutral gender include any other gender.

Additional terms and phrases are defined in this Bond Legislation as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Bond Legislation; and the term "hereafter" means after the date of the enactment of this Bond Legislation.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Bond Legislation so numbered.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2008 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a municipal corporation and political subdivision of the State in Ritchie County of said State. The Issuer presently owns and operates a municipal waterworks system. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by the Government and are on file with the Issuer.

B. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the Government.

C. The estimated maximum cost of acquisition and construction of the Project is \$1,876,135, of which \$700,000 will be obtained from proceeds of the Series 2008 A Bonds, \$829,935 will be obtained from a grant from the Government and \$346,200 will be obtained from a STAG Grant.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Bonds, and to make payments into all funds and accounts and other payments provided for in this Bond Legislation.

E. It is deemed necessary for the Issuer to issue the Series 2008 A Bonds in the aggregate principal amount of not more than \$700,000, to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Series 2008 A Bonds prior to and during acquisition or construction of the Project and for a period not to exceed six months after completion of acquisition or construction of the Project; amounts which may be deposited in the Series 2008 A Bonds Reserve Account; engineering, fiscal and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expenses, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 A Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2008 A Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

F. The period of usefulness of the System after completion of the Project is not less than 40 years.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds as to liens, pledge and source of and security for payment, being the (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000 (the "Series 1994 A Bonds"); (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000 (the "Series 1994 B Bonds"); and (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000 (the "Series 1999 Bonds"). The Series 1994 A Bonds, the Series 1994 B Bonds and the Series 1999 Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2008 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. It is in the best interests of the Issuer that the Series 2008 A Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement, relating to authorization of the acquisition and construction of the Project, the operation of the System and the issuance of the Series 2008 A Bonds, or will have so complied prior to the issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the United States Department of Agriculture and the obtaining of a certificate of convenience and necessity from the PSC, the time for rehearing and appeal of which will have expired or will have been waived prior to the issuance of the Series 2008 A Bonds.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$1,876,135, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the Government and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 A Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the plan of financing submitted to the Government.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2008 A Bonds, funding the Series 2008 A Bonds Reserve Account, paying the costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, as shall be specified in the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2008 A (United States Department of Agriculture)," in the aggregate principal amount of not more than \$700,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2008 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2008 A Bonds.

The Series 2008 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the Series 2008 A Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Bond Legislation, as shall be set forth in the Supplemental Resolution and such Series 2008 A Bond form.

Section 3.03. Execution of Bonds. The Series 2008 A Bonds shall be executed in the name of the Issuer by the Mayor and attested by the Recorder, and the seal of the Issuer shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as, at the actual time of the execution of such Bonds, shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Transfer and Registration. The Series 2008 A Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State , but the Bonds, and the right to principal of and stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books of the Bond Registrar, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2008 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No registration of transfer of the Series 2008 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Bonds.

The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2008 A Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2008 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2008 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2008 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2008 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner's furnishing proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No Registered Owner of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 A Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Gross Revenues: Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured by a first lien on the Gross Revenues on a parity with the lien on the Gross Revenues in favor of the Registered Owners of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2008 A Bonds and the Prior Bonds and to make the payments into all funds and accounts established by this Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Delivery of Bonds. The Issuer shall execute and deliver the Series 2008 A Bonds to the Government as soon as the Government will accept such delivery.

Section 3.09. Form of Bonds. The text of the Series 2008 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Bond Legislation or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF HARRISVILLE
WATER REVENUE BOND, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 \$ _____

FOR VALUE RECEIVED, on this ___ day of _____, 2008, THE TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____ DOLLARS (\$ _____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of ___% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$ _____, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, _____, effective _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1994 A, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT

OF \$660,000; (2) WATER REVENUE BONDS, SERIES 1994 B, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$45,000; AND (3) WATER REVENUE BONDS, SERIES 1999, DATED DECEMBER 20, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$155,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Gross Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the Series 2008 A Bonds Reserve Account created under the Bond Legislation for this Bond and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2008 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 110% of the maximum amount of principal of and interest on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of this Bond, for the terms of which, reference is made to the Bond Legislation. Remedies provided the Registered Owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Recorder of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of acquisition and construction of the Project and the costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE TOWN OF HARRISVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Mayor

ATTEST:

Recorder

EXHIBIT A

RECORD OF ADVANCES

<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>
(1) \$		(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10)\$		(28) \$	
(11)\$		(29) \$	
(12)\$		(30) \$	
(13)\$		(31) \$	
(14)\$		(32) \$	
(15)\$		(33) \$	
(16)\$		(34) \$	
(17)\$		(35) \$	
(18)\$		(36) \$	

Total \$ _____

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

In the presence of:

Section 3.10. Sale of Bonds. The Series 2008 A Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions is hereby approved and specifically incorporated into this Bond Legislation.

ARTICLE IV

[Reserved]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

The following special funds or accounts are hereby created with (or continued if previously created by the Prior Ordinances) and shall be held by the Depository Bank:

- (1) Revenue Fund (created by the Prior Ordinances);
- (2) Depreciation Account (created by the Prior Ordinances); and
- (3) Series 2008 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special account is hereby created with and shall be held by the Commission:

- (1) Series 2008 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, each month, from the moneys in the Revenue Fund, (i) make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 30 days following the date of delivery of the Series 2008 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 A Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2008 A Bonds.

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2008 A Bonds and continuing on the

corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 A Bonds Sinking Fund, the amount of principal set forth in the Series 2008 A Bonds.

The deposits into the Series 2008 A Bonds Sinking Fund provided in this paragraph and in Section 5.03 A(1) above, constitute actual payments of principal of and interest on the Series 2008 A Bonds to the Government.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments into the Reserve Accounts for the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2008 A Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2008 A Bonds Reserve Requirement.

(4) The Issuer shall next, each month, pay from the Revenue Fund, all current Operating Expenses of the System.

(5) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the payments into the Depreciation Account in the amounts and on the dates required by the Prior Ordinances. All funds in the Depreciation Account shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Account for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Account.

Moneys in the Series 2008 A Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest on the Series 2008 A Bonds as the same shall become due. Moneys in the Series 2008 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2008 A Bonds as the same shall come due, when moneys in the Series 2008 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2008 A Bonds Reserve Account (if fully funded in an amount equal to the Series 2008 A Bonds Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2008 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2008 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2008 A Bonds Reserve Account which result in a reduction in the balance of such account to an amount below the Series 2008 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2008 A Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Reserve Account created hereunder, and all amounts required for such account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Government, the Issuer shall make the necessary arrangements whereby required payments into the Series 2008 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2008 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds Outstanding under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges then due. If required by the Government, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

D. The moneys in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

E. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments, in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided that, all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03 A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

F. All remittances made by the Issuer to the Government, the Commission and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

G. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds: Pledge of Unexpended Bond Proceeds. All moneys derived from the sale of the Series 2008 A Bonds shall be deposited by the Issuer, as received from time to time, in the Series 2008 A Bonds Construction Trust Fund and shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Series 2008 A Bonds.

Section 6.02. Disbursements from Bond Construction Trust Fund. The Series 2008 A Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and payment of interest on the Series 2008 A Bonds prior to and during construction and for a period up to six months after completion of construction and for no other purposes whatsoever. If approved by the Government, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2008 A Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Registered Owners of the Series 2008 A Bonds.

Expenditures or disbursements from the Series 2008 A Bonds Construction Trust Fund shall be made only after such expenditures or disbursements have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions set forth in this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2008 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2008 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2008 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of any Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues: Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured by a first lien on the Gross Revenues derived from the operation of the System on a parity with the lien on the Gross Revenues in favor of the Registered Owners of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2008 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in this Bond Legislation and the Prior Ordinances, are hereby irrevocably pledged to such payments as they become due and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Bond Legislation. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer duly enacted on February 14, 2006.

So long as the Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation. In the event the schedule of rates and charges initially established for the System in connection with the Series 2008 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions. So long as the Series 2008 A Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of, or encumbered (other than any statutory mortgage lien created under the Act on account of obligations issued within the restrictions hereof) only with the written consent of the Government and such consent will specify the disposition of any such sale or transfer.

Section 7.06. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. Except additional Parity Bonds provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2008 A Bonds. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2008 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional Parity Bonds, being on a parity with the lien of the Series 2008 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the interest thereon in this Bond Legislation or upon the System or any part thereof.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided and with the prior written consent of the Government.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2008 A Bonds.

No Parity Bonds shall be issued, except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the Bonds or both such purposes.

So long as the Series 2008 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2008 A Bonds, representing 75% of the then-outstanding principal indebtedness.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2008 A Bonds and the Registered Owners of any Parity Bonds subsequently issued, from time to time, within the limitations of and in compliance with this Section. All the Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and

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accounts created in this Bond Legislation required for and on account of such additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2008 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this Section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2008 A Bonds.

No Parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation on account of the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances.

Section 7.08. Books, Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Government and its agents and representatives to inspect all books, documents, papers and records relating to the Project and the System, at all reasonable times, for the purpose of audit and examination. The Issuer shall submit to the Government such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Government and its agents and representatives to inspect all records pertaining to the operation and maintenance of the System, at all reasonable times, following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of the Series 2008 A Bonds issued pursuant to the Bond

Legislation shall have the right, at all reasonable times, to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer.

The Issuer shall file with the Government, and shall mail in each year to any Registered Owner of the Series 2008 A Bonds requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2008 A Bonds, and shall submit said report to the Government. Such audit report shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Bond Legislation and that the Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Letter of Conditions and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Government and its agents and representatives to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Government and its agents and representatives with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Government with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to issuance of the Series 2008 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services of the System described in Section 7.04.

Section 7.10. Operating Budget. The Issuer shall, annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Government within 30 days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made, except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Government and any Registered Owner of the Series 2008 A Bonds within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government and any Registered Owner of the Series 2008 A Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers, certifying that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Government, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the Government is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and State laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Government, covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies.

The Issuer shall employ qualified operating personnel, properly certified by the State to operate the System so long as the Series 2008 A Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State or the rules and regulations of the PSC.

Whenever any fees, rates, rentals or other charges for the services or facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and any rules and regulations promulgated by the PSC applicable thereto, fees, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that it will, to the full extent permitted by law and any rules and regulations promulgated by the PSC applicable thereto, discontinue and shut off the services and facilities of the System to all delinquent users of the services and facilities of the System, and will not restore such services of the System until all delinquent charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid, and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services, of any nature by its System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or himself or herself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Series 2008 A Bonds remain Outstanding, the Issuer shall, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) **Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance,** to be procured prior to acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) **Public Liability Insurance,** with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from the operation of the System.

(C) **Vehicular Public Liability Insurance,** in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from such operation of vehicles.

(D) **Workers' Compensation Coverage for All Employees of the System Eligible Therefor and Performance and Payment Bonds,** such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) **Fidelity Bonds** will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or property of the System in an amount at least equal to the total funds in the custody of any

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such person at any one time, and initially in the amount required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(G) Construction Bonds. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project: Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and State requirements and standards.

The Issuer has obtained all permits required by State and federal laws necessary for the acquisition and construction of the Project, all requisite orders and approvals from the PSC and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2008 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance With Letter of Conditions and Law. The Issuer shall comply with, perform and satisfy all terms and conditions of the Letter of Conditions, this Bond Legislation and the Act. The Issuer shall comply with all applicable laws, rules and regulations issued by the Government or other State, federal or local bodies in regard to the acquisition and construction of the Project and operation, maintenance and use of the System.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Registered Owner of the Series 2008 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series 2008 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.20. Contracts. The Issuer shall, simultaneously with the delivery of the Series 2008 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund". The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. The Depository Bank may make any and all investments permitted by this section through its own trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments and shall distribute to the Issuer, at least once each year (or more often if requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 A Bonds are outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Bond Legislation shall comply with the guidelines of the Government.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2008 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2008 A Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 A Bonds set forth in this Bond Legislation, any supplemental resolution, or in the Series 2008 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government or a Registered Owner of the Series 2008 A Bonds; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2008 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding, enforce all rights of such Registered Owners, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2008 A Bonds, (iv) by action at law or bill in equity, require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2008 A Bonds, and (v) by action or bill in equity, enjoin any acts in violation of the Bond Legislation with respect to the Series 2008 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2008 A Bonds shall be on a parity with the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2008 A Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default, any Registered Owner shall, in addition to all other remedies or rights, have the right, by appropriate legal proceedings, to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate, maintain, manage and control the System, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to the System as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of the Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign,

mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of the Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay to the Registered Owners of the Series 2008 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Legislation, then the pledge of Gross Revenues and any other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through direct payment of the entire outstanding principal of and all accrued interest on the Series 2008 A Bonds to the Registered Owners thereof, the Issuer may not defease the Series 2008 A Bonds or provide for payment thereof by escrow or other similar arrangements.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. Prior to the issuance of the Series 2008 A Bonds, this Bond Legislation may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 A Bonds, no material modification or amendment of this Bond Legislation or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Registered Owners of the Series 2008 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 A Bonds then Outstanding; provided that, no change shall be made in the maturity of the Series 2008 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the revenues of the System without the consent of the Registered Owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of the Series 2008 A Bonds required for consent to the above permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of this Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2008 A Bonds and no change, variation or alteration of any kind of the provisions of this Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Bond Legislation should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Legislation, the Supplemental Resolution and the Series 2008 A Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinance, all ordinances, resolutions and orders, or parts thereof, in conflict with this Bond Legislation are, to the extent of such conflict, repealed; provided that, in the event of any conflict between this Bond Legislation and the Prior Ordinances, the Prior

Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Bond Legislation do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Bond Legislation occurred, and are, duly in office and duly qualified for such office.

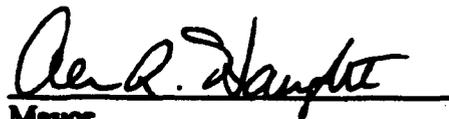
Section 11.07. Statutory Notice of Public Hearing. Upon adoption hereof, the abstract of this Bond Legislation in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks, with at least 6 full days intervening between each publication, in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Series 2008 A Bonds, and that any person interested may appear before the Issuer upon a certain date, not less than 10 days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of this Bond Legislation is on file with the Issuer for review by interested persons during office hours of the Issuer. The Governing Body hereby determines that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Bond Legislation shall take effect immediately following the public hearing and final reading hereof.

First Reading: July 22, 2008

Second Reading: July 29, 2008

Public Hearing
and Third Reading: August 12, 2008



Mayor

CERTIFICATION

**Certified a true copy of a Bond Ordinance duly passed by the Council of
THE TOWN OF HARRISVILLE on July 29, 2008, and effective on August 12, 2008.**

Dated this 12th day of August, 2008.

Savannah Fair
Recorder

[SEAL]

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of construction of an extension to its water distribution system to provide water service to the residents along Pullman Road, together with all related appurtenances.

EXHIBIT B

THE TOWN OF HARRISVILLE

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on July 22, 2008, the Council of The Town of Harrisville (the "Issuer") adopted an ordinance which, among other things:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the Issuer's existing waterworks system (the "System") and the financing of the cost thereof, not otherwise provided, through the issuance of not more than \$700,000 in aggregate principal amount of Water Revenue Bonds, Series 2008 A (United States Department of Agriculture) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of a sinking fund and a reserve account for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues of the System; pledged the Gross Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to the Gross Revenues of the System; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.

6. Established the events of default and the remedies of the registered owners of the Bonds; provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of The Town of Harrisville at a regular meeting on August 12, 2008, at 7:30 p.m., in the Council Chambers, Town Hall, Harrisville, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the Town Hall.

Recorder

**THE TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2008 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

2.8

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE TOWN OF HARRISVILLE WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of The Town of Harrisville (the "Issuer") has duly and officially passed a Bond Ordinance on July 29, 2008, effective August 12, 2008 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of the Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), of the Issuer, in an aggregate principal amount not to exceed \$700,000 (the "Bonds"), all in accordance with Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Government pursuant to the Letter of Conditions; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF HARRISVILLE, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer with the first publication thereof being not less than ten (10) days before the day set by the Bond Ordinance and the Notice for the public hearing, at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Bond Ordinance and the Notice, the Recorder has maintained in his or her office a certified copy of the Bond Ordinance for review by interested persons during the regular office hours of such office;

(C) In Council chambers, Town Hall, Harrisville, West Virginia, on August 12, 2008, at 7:30 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Bond Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Bond Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Bond Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2008 A (United States Department of Agriculture), of the Issuer, in the original principal amount of \$700,000. The Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered AR-1, and the principal amount advanced under the Bonds shall bear interest at the rate of 4.375% per annum. Monthly installments of interest only on the amounts advanced under the Bonds are payable 30 days following the date of delivery of the Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Bonds, and thereafter, monthly installments of principal of and interest on the Bonds, in the aggregate amount of \$3,157, are payable on the corresponding day of each month, except that the final installment on the Bonds shall be paid at the end of 40 years from the date of the Bonds in the sum of the unpaid principal and interest due on the date thereof. The Bonds are subject to prepayment as set forth in the Bond Ordinance and the Bonds. All principal and interest payments on the Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 4. The Issuer hereby approves and accepts the offer of the Government to purchase the Bonds. The execution and delivery of the Bonds by the Mayor and the Recorder and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer hereby appoints and designates West Union Bank, Harrisville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 6. The proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2008 A Bonds Construction Trust Fund, as

(#0030201.1)

received by the Issuer for payment of costs of the Project, including costs of issuance of the Bonds.

Section 7. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Government pursuant to the Letter of Conditions on or about August 15, 2008.

Section 8. The acquisition and construction of the Project and the financing thereof with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 9. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2008 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 10. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 11. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 12. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 12th day of August, 2008.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of THE TOWN OF HARRISVILLE on the 12th day of August, 2008.

Dated this 15th day of August, 2008.

[SEAL]

Savannah Fu
Recorder

**THE TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

2.7

BOND ORDINANCE

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THE TOWN OF HARRISVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$275,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF HARRISVILLE:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Bond Legislation. This Ordinance (together with any ordinance or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended, and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings in this Bond Legislation unless the context expressly requires otherwise.

"Act" means Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Bond Legislation.

“Bond Legislation,” “Ordinance” or “Bond Ordinance” means this Bond Ordinance in its present form and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

“Bonds” means, collectively, the Series 2008 B Bonds, the Prior Bonds and any Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Bond Legislation.

“Closing Date” means the date upon which there is an exchange of the Series 2008 B Bonds for all or a portion of the proceeds of the Series 2008 B Bonds.

“Commission” means the West Virginia Municipal Bond Commission or any other agency of the State that succeeds to the functions of the Commission.

“Consulting Engineers” means Cerrone Associates, Inc., Wheeling, West Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

“Cost of Project” or “Costs” means those costs described in Section 1.04 E. hereof to be a part of the cost of the acquisition and construction of the Project.

“Depository Bank” means the bank or banks designated as such in the Supplemental Resolution and any successors and assigns, which shall be a member of FDIC.

“Depreciation Account” means the Depreciation Account created by the Prior Ordinances and continued hereby.

“Event of Default” means any event or occurrence specified in Section 9.01 hereof.

“FDIC” means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

“Fiscal Year” means each twelve-month period beginning on July 1 and ending on the succeeding June 30.

“Governing Body” means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

“Government” means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2008 B Bonds.

“Government Obligations” means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided that, “Gross Revenues” does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined.

“Independent Certified Public Accountants” means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

“Issuer” means The Town of Harrisville, a municipal corporation and political subdivision of the State in Ritchie County, West Virginia, and, when appropriate, also means the Governing Body thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

“Letter of Conditions” means, collectively, the Letter of Conditions from the Government dated August 13, 2008, and all amendments thereto.

“Mayor” means the Mayor of the Issuer.

“Net Revenues” means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs); fees and expenses of fiscal agents, depository banks, registrars, paying agents and trustees (other than those

capitalized as part of the Costs); payments to pension or retirement funds; taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided that, "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds; charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets; and amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding" when used with reference to Bonds, as of any particular date, describes all such Bonds theretofore and thereupon being authenticated and delivered except (i) any such Bond canceled by the Registrar, at or prior to said date; (ii) any such Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity of any such Bond, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any such Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Registered Owners, any such Bond registered to the Issuer.

"Parity Bonds" means the Parity Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Prior Bonds" means the Issuer's (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000; (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000; (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000; and (4) Water Revenue Bonds, Series 2008 A, dated August 15, 2008, issued in the original principal amount of \$700,000.

"Prior Ordinances" means, collectively, the ordinances of the Issuer enacted August 23, 1994, December 20, 1999, and August 12, 2008, as supplemented, authorizing the Prior Bonds.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia or any successor to the functions thereof.

“PSC Order” means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

“Qualified Investments” means and includes any of the following:

- (a) Government Obligations;**
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;**
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;**
- (d) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;**
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;**
- (f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;**
- (g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as**

(C1350944.1)

practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investor Service, Inc., or Standard and Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

"Registered Owner" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Registrar" or "Bond Registrar" means the Issuer, which shall so serve by the Recorder.

"Reserve Accounts" means, collectively, the respective Reserve Accounts created for the Series 2008 B Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective reserve requirements of the Series 2008 B Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 2008 B Bonds" means the Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), of the Issuer, authorized to be issued by this Bond Legislation.

"Series 2008 B Bonds Construction Trust Fund" means the Series 2008 B Bonds Construction Trust Fund created by Section 5.01 hereof.

“Series 2008 B Bonds Reserve Account” means the Series 2008 B Bonds Reserve Account created by Section 5.02 hereof.

“Series 2008 B Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2008 B Bonds in the then current or any succeeding Fiscal Year.

“Series 2008 B Bonds Sinking Fund” means the Series 2008 B Bonds Sinking Fund created by Section 5.03 A (1) hereof.

“Sinking Funds” means, collectively, the respective Sinking Funds created for the Series 2008 B Bonds and the Prior Bonds.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution, ordinance or order of the Issuer supplementing or amending this Bond Legislation and when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Series 2008 B Bonds; provided that, any matter intended by this Bond Legislation to be included in the Supplemental Resolution with respect to the Series 2008 B Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by this Bond Legislation to be set aside and held for the payment of or security for the Series 2008 B Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, the Reserve Accounts and the Depreciation Account.

“System” means the complete existing waterworks system of the Issuer, and shall include the Project and any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

“Tap Fees” means the fees, if any, paid by prospective customers of the System in order to connect thereto.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. Words importing the masculine, feminine or neutral gender include any other gender.

Additional terms and phrases are defined in this Bond Legislation as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Bond Legislation; and the term "hereafter" means after the date of the enactment of this Bond Legislation.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Bond Legislation so numbered.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2008 B Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a municipal corporation and political subdivision of the State in Ritchie County of said State. The Issuer presently owns and operates a municipal waterworks system. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by the Government and are on file with the Issuer.

B. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the Government.

C. The estimated maximum cost of acquisition and construction of the Project is \$2,232,065, of which \$275,000 will be obtained from proceeds of the Series 2008 B Bonds, \$80,065 will be obtained from a grant from the Government, \$377,000 will be obtained from a STAG Grant, and \$1,500,000 will be obtained from a Small Cities Block Grant.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Bonds, and to make payments into all funds and accounts and other payments provided for in this Bond Legislation.

E. It is deemed necessary for the Issuer to issue the Series 2008 B Bonds in the aggregate principal amount of not more than \$275,000, to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Series 2008 B Bonds prior to and during acquisition or construction of the Project and for a period not to exceed six months after completion of acquisition or construction of the Project; amounts which may be deposited in the Series 2008 B Bonds Reserve Account; engineering, fiscal and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expenses, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 B Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2008 B Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

F. The period of usefulness of the System after completion of the Project is not less than 40 years.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 B Bonds as to liens, pledge and source of and security for payment, being the (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000 (the "Series 1994 A Bonds"); (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000 (the "Series 1994 B Bonds"); (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000 (the "Series 1999 Bonds"); and (4) Water Revenue Bonds, Series 2008 A, dated August 15, 2008, issued in the original principal amount of \$700,000 (the "Series

2008 A Bonds"). The Series 1994 A Bonds, the Series 1994 B Bonds, the Series 1999 Bonds and the Series 2008 A Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2008 B Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2008 B Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2008 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. It is in the best interests of the Issuer that the Series 2008 B Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement, relating to authorization of the acquisition and construction of the Project, the operation of the System and the issuance of the Series 2008 B Bonds, or will have so complied prior to the issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the United States Department of Agriculture and the obtaining of a certificate of convenience and necessity from the PSC, the time for rehearing and appeal of which will have expired or will have been waived prior to the issuance of the Series 2008 B Bonds.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$2,232,065, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the Government and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 B Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the plan of financing submitted to the Government.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2008 B Bonds, funding the Series 2008 B Bonds Reserve Account, paying the costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, as shall be specified in the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2008 B Bonds of the Issuer. The Series 2008 B Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2008 B (United States Department of Agriculture)," in the aggregate principal amount of not more than \$275,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2008 B Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2008 B Bonds.

The Series 2008 B Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the Series 2008 B Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Bond Legislation, as shall be set forth in the Supplemental Resolution and such Series 2008 B Bond form.

Section 3.03. Execution of Bonds. The Series 2008 B Bonds shall be executed in the name of the Issuer by the Mayor and attested by the Recorder, and the seal of the Issuer shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as, at the actual time of the execution of such Bonds, shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Transfer and Registration. The Series 2008 B Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State , but the Bonds, and the right to principal of and stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books of the Bond Registrar, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2008 B Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No registration of transfer of the Series 2008 B Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Bonds.

The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2008 B Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2008 B Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2008 B Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2008 B Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2008 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner's furnishing proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Series 2008 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No Registered Owner of the Series 2008 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 B Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2008 B Bonds shall be secured by a first lien on the Gross Revenues on a parity with the lien on the Gross Revenues in favor of the Registered Owners of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2008 B Bonds and the Prior Bonds and to make the payments into all funds and accounts established by this Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Delivery of Bonds. The Issuer shall execute and deliver the Series 2008 B Bonds to the Government as soon as the Government will accept such delivery.

Section 3.09. Form of Bonds. The text of the Series 2008 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Bond Legislation or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF HARRISVILLE
WATER REVENUE BOND, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$_____

FOR VALUE RECEIVED, on this ___ day of _____, 2008, THE TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____ DOLLARS (\$_____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of ___% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$_____, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

(C1350944.1)

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, _____, effective _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1994 A, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT

(C139094.1)

OF \$660,000; (2) WATER REVENUE BONDS, SERIES 1994 B, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$45,000; (3) WATER REVENUE BONDS, SERIES 1999, DATED DECEMBER 20, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$155,000; AND (4) WATER REVENUE BONDS, SERIES 2008 A, DATED AUGUST 15, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Gross Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the Series 2008 B Bonds Reserve Account created under the Bond Legislation for this Bond and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2008 B Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 110% of the maximum amount of principal of and interest on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of this Bond, for the terms of which, reference is made to the Bond Legislation. Remedies provided the Registered Owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Recorder of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of acquisition and construction of the Project and the costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE TOWN OF HARRISVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Mayor

ATTEST:

Recorder

EXHIBIT A

RECORD OF ADVANCES

<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>
(1) \$		(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	
		Total	\$ _____

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____.

In the presence of:

Section 3.10. Sale of Bonds. The Series 2008 B Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions is hereby approved and specifically incorporated into this Bond Legislation.

ARTICLE IV

[Reserved]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

The following special funds or accounts are hereby created with (or continued if previously created by the Prior Ordinances) and shall be held by the Depository Bank:

- (1) Revenue Fund (created by the Prior Ordinances);
- (2) Depreciation Account (created by the Prior Ordinances); and
- (3) Series 2008 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special account is hereby created with and shall be held by the Commission:

- (1) Series 2008 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross

Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, each month, from the moneys in the Revenue Fund, (i) make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 30 days following the date of delivery of the Series 2008 B Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 B Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2008 B Bonds.

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2008 B Bonds and continuing on the

corresponding day of each month, remit to the National Finance Office for deposit in the Series 2008 B Bonds Sinking Fund, the amount of principal set forth in the Series 2008 B Bonds.

The deposits into the Series 2008 B Bonds Sinking Fund provided in this paragraph and in Section 5.03 A(1) above, constitute actual payments of principal of and interest on the Series 2008 B Bonds to the Government.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments into the Reserve Accounts for the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2008 B Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2008 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2008 B Bonds Reserve Requirement.

(4) The Issuer shall next, each month, pay from the Revenue Fund, all current Operating Expenses of the System.

(5) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the payments into the Depreciation Account in the amounts and on the dates required by the Prior Ordinances. All funds in the Depreciation Account shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Account for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Account.

Moneys in the Series 2008 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest on the Series 2008 B Bonds as the same shall become due. Moneys in the Series 2008 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2008 B Bonds as the same shall come due, when moneys in the Series 2008 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2008 B Bonds Reserve Account (if fully funded in an amount equal to the Series 2008 B Bonds Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2008 B Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2008 B Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2008 B Bonds Reserve Account which result in a reduction in the balance of such account to an amount below the Series 2008 B Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2008 B Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 B Bonds Reserve Account created hereunder, and all amounts required for such account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Government, the Issuer shall make the necessary arrangements whereby required payments into the Series 2008 B Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2008 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Series 2008 B Bonds Sinking Fund and the Series 2008 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 B Bonds Outstanding under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges then due. If required by the Government, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

D. The moneys in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

E. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments, in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided that, all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03 A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

F. All remittances made by the Issuer to the Government, the Commission and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

G. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds: Pledge of Unexpended Bond Proceeds. All moneys derived from the sale of the Series 2008 B Bonds shall be deposited by the Issuer, as received from time to time, in the Series 2008 B Bonds Construction Trust Fund and shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Series 2008 B Bonds.

Section 6.02. Disbursements from Bond Construction Trust Fund. The Series 2008 B Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and payment of interest on the Series 2008 B Bonds prior to and during construction and for a period up to six months after completion of construction and for no other purposes whatsoever. If approved by the Government, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2008 B Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Registered Owners of the Series 2008 B Bonds.

Expenditures or disbursements from the Series 2008 B Bonds Construction Trust Fund shall be made only after such expenditures or disbursements have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions set forth in this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2008 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2008 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2008 B Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 B Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of any Series 2008 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 B Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues: Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2008 B Bonds shall be secured by a first lien on the Gross Revenues derived from the operation of the System on a parity with the lien on the Gross Revenues in favor of the Registered Owners of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2008 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in this Bond Legislation and the Prior Ordinances, are hereby irrevocably pledged to such payments as they become due and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Bond Legislation. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer duly enacted on February 14, 2006.

So long as the Series 2008 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation. In the event the schedule of rates and charges initially established for the System in connection with the Series 2008 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions. So long as the Series 2008 B Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of, or encumbered (other than any statutory mortgage lien created under the Act on account of obligations issued within the restrictions hereof) only with the written consent of the Government and such consent will specify the disposition of any such sale or transfer.

Section 7.06. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. Except additional Parity Bonds provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2008 B Bonds. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2008 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional Parity Bonds, being on a parity with the lien of the Series 2008 B Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2008 B Bonds and the interest thereon in this Bond Legislation or upon the System or any part thereof.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided and with the prior written consent of the Government.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2008 B Bonds.

No Parity Bonds shall be issued, except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the Bonds or both such purposes.

So long as the Series 2008 B Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2008 B Bonds, representing 75% of the then-outstanding principal indebtedness.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2008 B Bonds and the Registered Owners of any Parity Bonds subsequently issued, from time to time, within the limitations of and in compliance with this Section. All the Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and

accounts created in this Bond Legislation required for and on account of such additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2008 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this Section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2008 B Bonds.

No Parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation on account of the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances.

Section 7.08. Books, Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Government and its agents and representatives to inspect all books, documents, papers and records relating to the Project and the System, at all reasonable times, for the purpose of audit and examination. The Issuer shall submit to the Government such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Government and its agents and representatives to inspect all records pertaining to the operation and maintenance of the System, at all reasonable times, following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of the Series 2008 B Bonds issued pursuant to the Bond

Legislation shall have the right, at all reasonable times, to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer.

The Issuer shall file with the Government, and shall mail in each year to any Registered Owner of the Series 2008 B Bonds requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2008 B Bonds, and shall submit said report to the Government. Such audit report shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Bond Legislation and that the Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Letter of Conditions and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Government and its agents and representatives to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Government and its agents and representatives with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Government with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to issuance of the Series 2008 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2008 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 B Bonds. In any event, the Issuer shall not reduce the rates or charges for services of the System described in Section 7.04.

Section 7.10. Operating Budget. The Issuer shall, annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Government within 30 days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made, except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Government and any Registered Owner of the Series 2008 B Bonds within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government and any Registered Owner of the Series 2008 B Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers, certifying that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Government, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the Government is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and State laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Government, covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies.

The Issuer shall employ qualified operating personnel, properly certified by the State to operate the System so long as the Series 2008 B Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State or the rules and regulations of the PSC.

Whenever any fees, rates, rentals or other charges for the services or facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and any rules and regulations promulgated by the PSC applicable thereto, fees, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that it will, to the full extent permitted by law and any rules and regulations promulgated by the PSC applicable thereto, discontinue and shut off the services and facilities of the System to all delinquent users of the services and facilities of the System, and will not restore such services of the System until all delinquent charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid, and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services, of any nature by its System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or himself or herself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Series 2008 B Bonds remain Outstanding, the Issuer shall, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) **Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance,** to be procured prior to acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) **Public Liability Insurance,** with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from the operation of the System.

(C) **Vehicular Public Liability Insurance,** in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from such operation of vehicles.

(D) **Workers' Compensation Coverage for All Employees of the System Eligible Therefor and Performance and Payment Bonds,** such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) **Fidelity Bonds** will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or property of the System in an amount at least equal to the total funds in the custody of any

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such person at any one time, and initially in the amount required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(G) Construction Bonds. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project: Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and State requirements and standards.

The Issuer has obtained all permits required by State and federal laws necessary for the acquisition and construction of the Project, all requisite orders and approvals from the PSC and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2008 B Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance With Letter of Conditions and Law. The Issuer shall comply with, perform and satisfy all terms and conditions of the Letter of Conditions, this Bond Legislation and the Act. The Issuer shall comply with all applicable laws, rules and regulations issued by the Government or other State, federal or local bodies in regard to the acquisition and construction of the Project and operation, maintenance and use of the System.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Registered Owner of the Series 2008 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series 2008 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.20. Contracts. The Issuer shall, simultaneously with the delivery of the Series 2008 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund". The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. The Depository Bank may make any and all investments permitted by this section through its own trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments and shall distribute to the Issuer, at least once each year (or more often if requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 B Bonds are outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Bond Legislation shall comply with the guidelines of the Government.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2008 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2008 B Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 B Bonds set forth in this Bond Legislation, any supplemental resolution, or in the Series 2008 B Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government or a Registered Owner of the Series 2008 B Bonds; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2008 B Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding, enforce all rights of such Registered Owners, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2008 B Bonds, (iv) by action at law or bill in equity, require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2008 B Bonds, and (v) by action or bill in equity, enjoin any acts in violation of the Bond Legislation with respect to the Series 2008 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2008 B Bonds shall be on a parity with the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2008 B Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default, any Registered Owner shall, in addition to all other remedies or rights, have the right, by appropriate legal proceedings, to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate, maintain, manage and control the System, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to the System as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of the Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign,

mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of the Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay to the Registered Owners of the Series 2008 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Legislation, then the pledge of Gross Revenues and any other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through direct payment of the entire outstanding principal of and all accrued interest on the Series 2008 B Bonds to the Registered Owners thereof, the Issuer may not defease the Series 2008 B Bonds or provide for payment thereof by escrow or other similar arrangements.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. Prior to the issuance of the Series 2008 B Bonds, this Bond Legislation may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 B Bonds, no material modification or amendment of this Bond Legislation or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Registered Owners of the Series 2008 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 B Bonds then Outstanding; provided that, no change shall be made in the maturity of the Series 2008 B Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the revenues of the System without the consent of the Registered Owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of the Series 2008 B Bonds required for consent to the above permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of this Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2008 B Bonds and no change, variation or alteration of any kind of the provisions of this Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Bond Legislation should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Legislation, the Supplemental Resolution and the Series 2008 B Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinance, all ordinances, resolutions and orders, or parts thereof, in conflict with this Bond Legislation are, to the extent of such conflict, repealed; provided that, in the event of any conflict between this Bond Legislation and the Prior Ordinances, the Prior

Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Bond Legislation do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Bond Legislation occurred, and are, duly in office and duly qualified for such office.

Section 11.07. Statutory Notice of Public Hearing. Upon adoption hereof, the abstract of this Bond Legislation in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks, with at least 6 full days intervening between each publication, in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Series 2008 B Bonds, and that any person interested may appear before the Issuer upon a certain date, not less than 10 days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of this Bond Legislation is on file with the Issuer for review by interested persons during office hours of the Issuer. The Governing Body hereby determines that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Bond Legislation shall take effect immediately following the public hearing and final reading hereof.

First Reading:	August 19, 2008
Second Reading:	August 26, 2008
Public Hearing and Third Reading:	September 15, 2008



Mayor

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of construction of extensions to serve sixty three new customers in the Washburn/Mahone areas in Ritchie County, West Virginia, together with all related appurtenances.

EXHIBIT B

THE TOWN OF HARRISVILLE

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on August 26, 2008, the Council of The Town of Harrisville (the "Issuer") adopted an ordinance which, among other things:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the Issuer's existing waterworks system (the "System") and the financing of the cost thereof, not otherwise provided, through the issuance of not more than \$275,000 in aggregate principal amount of Water Revenue Bonds, Series 2008 B (United States Department of Agriculture) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of a sinking fund and a reserve account for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues of the System; pledged the Gross Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to the Gross Revenues of the System; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.

6. Established the events of default and the remedies of the registered owners of the Bonds; provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of The Town of Harrisville at a regular meeting on September 15, 2008, at 7:30 p.m., in the Council Chambers, Town Hall, Harrisville, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the Town Hall.

Recorder

**THE TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2008 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

2.8

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE TOWN OF HARRISVILLE WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of The Town of Harrisville (the "Issuer") has duly and officially passed a Bond Ordinance on August 26, 2008, effective September 15, 2008 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$275,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of the Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), of the Issuer, in an aggregate principal amount not to exceed \$275,000 (the "Bonds"), all in accordance with Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Government pursuant to the Letter of Conditions; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF HARRISVILLE, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer with the first publication thereof being not less than ten (10) days before the day set by the Bond Ordinance and the Notice for the public hearing, at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Bond Ordinance and the Notice, the Recorder has maintained in his or her office a certified copy of the Bond Ordinance for review by interested persons during the regular office hours of such office;

(C) In Council chambers, Town Hall, Harrisville, West Virginia, on September 15, 2008, at 7:30 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

WHEREAS, the Bond Ordinance provides for the issuance of the Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), of the Issuer, in an aggregate principal amount not to exceed \$275,000 (the "Bonds"), all in accordance with Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Government pursuant to the Letter of Conditions; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF HARRISVILLE, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer with the first publication thereof being not less than ten (10) days before the day set by the Bond Ordinance and the Notice for the public hearing, at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Bond Ordinance and the Notice, the Recorder has maintained in his or her office a certified copy of the Bond Ordinance for review by interested persons during the regular office hours of such office;

(C) In Council chambers, Town Hall, Harrisville, West Virginia, on September 15, 2008, at 7:30 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Bond Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Bond Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Bond Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2008 B (United States Department of Agriculture), of the Issuer, in the original principal amount of \$275,000. The Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature forty years from the date thereof, shall be numbered BR-1, and the principal amount advanced under the Bonds shall bear interest at the rate of 4.375% per annum. Monthly installments of interest only on the amounts advanced under the Bonds are payable 30 days following the date of delivery of the Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Bonds, and thereafter, monthly installments of principal of and interest on the Bonds, in the aggregate amount of \$1,241, are payable on the corresponding day of each month, except that the final installment on the Bonds shall be paid at the end of 40 years from the date of the Bonds in the sum of the unpaid principal and interest due on the date thereof. The Bonds are subject to prepayment as set forth in the Bond Ordinance and the Bonds. All principal and interest payments on the Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 4. The Issuer hereby approves and accepts the offer of the Government to purchase the Bonds. The execution and delivery of the Bonds by the Mayor and the Recorder and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer hereby appoints and designates [West Union Bank, Harrisville], West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 6. The proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2008 B Bonds Construction Trust Fund, as
(C1390964.1)

received by the Issuer for payment of costs of the Project, including costs of issuance of the Bonds.

Section 7. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Government pursuant to the Letter of Conditions on or about August 13, 2008.

Section 8. The acquisition and construction of the Project and the financing thereof with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

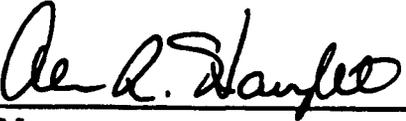
Section 9. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2008 B Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 10. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 11. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 12. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 15th day of September, 2008.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of THE TOWN OF HARRISVILLE on the 15th day of September, 2008.

Dated this 18th day of September, 2008.

[SEAL]

Savannah Fair
Recorder

**THE TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2011 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

2.7

BOND ORDINANCE

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THE TOWN OF HARRISVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$220,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF HARRISVILLE:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Bond Legislation. This Ordinance (together with any ordinance or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended, and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings in this Bond Legislation unless the context expressly requires otherwise.

"Act" means Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Bond Legislation.

“Bond Legislation,” “Ordinance” or “Bond Ordinance” means this Bond Ordinance in its present form and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

“Bonds” means, collectively, the Series 2011 A Bonds, the Prior Bonds and any Parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Bond Legislation.

“Closing Date” means the date upon which there is an exchange of the Series 2011 A Bonds for all or a portion of the proceeds of the Series 2011 A Bonds.

“Commission” means the West Virginia Municipal Bond Commission or any other agency of the State that succeeds to the functions of the Commission.

“Consulting Engineers” means Cerrone Associates, Inc., Wheeling, West Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

“Cost of Project” or “Costs” means those costs described in Section 1.04 E. hereof to be a part of the cost of the acquisition and construction of the Project.

“Depository Bank” means the bank or banks designated as such in the Supplemental Resolution and any successors and assigns, which shall be a member of FDIC.

“Depreciation Account” means the Depreciation Account created by the Prior Ordinances and continued hereby.

“Event of Default” means any event or occurrence specified in Section 9.01 hereof.

“FDIC” means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

“Fiscal Year” means each twelve-month period beginning on July 1 and ending on the succeeding June 30.

“Governing Body” means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

“Government” means the United States of America, United States Department of Agriculture, Rural Utilities Service, which is expected to be the original purchaser of the Series 2011 A Bonds.

“Government Obligations” means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

“Gross Revenues” means the aggregate gross operating and non-operating revenues of the System determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided that, “Gross Revenues” does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined.

“Independent Certified Public Accountants” means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

“Issuer” means The Town of Harrisville, a municipal corporation and political subdivision of the State in Ritchie County, West Virginia, and, when appropriate, also means the Governing Body thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

“Letter of Conditions” means, collectively, the Letter of Conditions from the Government dated April 6, 2009, and all amendments thereto.

“Mayor” means the Mayor of the Issuer.

“Net Revenues” means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs); fees and expenses of fiscal agents, depository banks, registrars, paying agents and trustees (other than those

capitalized as part of the Costs); payments to pension or retirement funds; taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided that, "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds; charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets; and amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding" when used with reference to Bonds, as of any particular date, describes all such Bonds theretofore and thereupon being authenticated and delivered except (i) any such Bond canceled by the Registrar, at or prior to said date; (ii) any such Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity of any such Bond, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any such Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Registered Owners, any such Bond registered to the Issuer.

"Parity Bonds" means the Parity Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Prior Bonds" means the Issuer's (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000; (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000; (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000; (4) Water Revenue Bonds, Series 2008 A, dated August 15, 2008, issued in the original principal amount of \$700,000; and (5) Water Revenue Bonds, Series 2008 B, dated September 18, 2008, issued in the original principal amount of \$275,000.

"Prior Ordinances" means, collectively, the ordinances of the Issuer enacted August 23, 1994, December 20, 1999, August 12, 2008, and September 15, 2008, as supplemented, authorizing the Prior Bonds.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia or any successor to the functions thereof.

“PSC Order” means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to construct the Project and approving the financing for the Project and the rates of the System.

“Qualified Investments” means and includes any of the following:

- (a) Government Obligations;**
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;**
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;**
- (d) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;**
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;**
- (f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;**
- (g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said**

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investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investor Service, Inc., or Standard and Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

"Registered Owner" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Registrar" or "Bond Registrar" means the Issuer, which shall so serve by the Recorder.

"Reserve Accounts" means, collectively, the respective Reserve Accounts created for the Series 2011 A Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective reserve requirements of the Series 2011 A Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 2011 A Bonds" means the Water Revenue Bonds, Series 2011 A (United States Department of Agriculture), of the Issuer, authorized to be issued by this Bond Legislation.

"Series 2011 A Bonds Construction Trust Fund" means the Series 2011 A Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2011 A Bonds Reserve Account" means the Series 2011 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 2011 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2011 A Bonds in the then current or any succeeding Fiscal Year.

"Series 2011 A Bonds Sinking Fund" means the Series 2011 A Bonds Sinking Fund created by Section 5.03 A (1) hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds created for the Series 2011 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Bond Legislation and when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 2011 A Bonds; provided that, any matter intended by this Bond Legislation to be included in the Supplemental Resolution with respect to the Series 2011 A Bonds and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Bond Legislation to be set aside and held for the payment of or security for the Series 2011 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, the Reserve Accounts and the Depreciation Account.

"System" means the complete existing waterworks system of the Issuer, and shall include the Project and any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. Words importing the masculine, feminine or neutral gender include any other gender.

Additional terms and phrases are defined in this Bond Legislation as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Bond Legislation; and the term "hereafter" means after the date of the enactment of this Bond Legislation.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Bond Legislation so numbered.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2011 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a municipal corporation and political subdivision of the State in Ritchie County of said State. The Issuer presently owns and operates a municipal waterworks system. However, the Issuer deems it necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by the Government and are on file with the Issuer.

B. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the Government.

C. The estimated maximum cost of acquisition and construction of the Project is \$220,000, which will be obtained from proceeds of the Series 2011 A Bonds.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all Operating

Expenses of the System, the principal of and interest on the Bonds, and to make payments into all funds and accounts and other payments provided for in this Bond Legislation.

E. It is deemed necessary for the Issuer to issue the Series 2011 A Bonds in the aggregate principal amount of not more than \$220,000, to permanently finance the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Series 2011 A Bonds prior to and during acquisition or construction of the Project and for a period not to exceed six months after completion of acquisition or construction of the Project; amounts which may be deposited in the Series 2011 A Bonds Reserve Account; engineering, fiscal and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expenses, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2011 A Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2011 A Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

F. The period of usefulness of the System after completion of the Project is not less than 20 years.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2011 A Bonds as to liens, pledge and source of and security for payment, being the (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000 (the "Series 1994 A Bonds"); (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000 (the "Series 1994 B Bonds"); (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000 (the "Series 1999 Bonds"); (4) Water Revenue Bonds, Series 2008 A, dated August 15, 2008, issued in the original principal amount of \$700,000 (the "Series 2008 A Bonds"); and (5) the Water Revenue Bonds, Series 2008 B, dated September 18, 2008, issued in the original principal amount of \$275,000 (the "Series 2008 B Bonds"). The Series 1994 A Bonds, the Series 1994 B Bonds, the Series 1999 Bonds, the Series 2008 A Bonds and the Series 2008 B Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2011 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2011 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2011 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. It is in the best interests of the Issuer that the Series 2011 A Bonds be sold to the Government pursuant to the terms and provisions of the Letter of Conditions.

I. The Issuer has complied with all requirements of West Virginia law and the Letter of Conditions, relating to authorization of the acquisition and construction of the Project, the operation of the System and the issuance of the Series 2011 A Bonds, or will have so complied prior to the issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the United States Department of Agriculture and the obtaining of a certificate of convenience and necessity from the PSC, the time for rehearing and appeal of which will have expired or will have been waived prior to the issuance of the Series 2011 A Bonds.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project.

There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$220,000, in accordance with the plans and specifications prepared by the Consulting Engineers, approved by the Government and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2011 A Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, which are in an amount and otherwise compatible with the plan of financing submitted to the Government.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2011 A Bonds, funding the Series 2011 A Bonds Reserve Account, paying the costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, as shall be specified in the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2011 A Bonds of the Issuer. The Series 2011 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2011 A (United States Department of Agriculture)," in the aggregate principal amount of not more than \$220,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2011 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2011 A Bonds.

The Series 2011 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, shall be payable as provided in the Series 2011 A Bond form hereinafter set forth, and shall have such other terms not inconsistent with this Bond Legislation, as shall be set forth in the Supplemental Resolution and such Series 2011 A Bond form.

Section 3.03. Execution of Bonds. The Series 2011 A Bonds shall be executed in the name of the Issuer by the Mayor and attested by the Recorder, and the seal of the Issuer shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as, at the actual time of the execution of such Bonds, shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Transfer and Registration. The Series 2011 A Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State , but the Bonds, and the right to principal of and stated interest on the Bonds, may only be transferred by transfer of the registration thereof upon the books of the Bond Registrar, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2011 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No registration of transfer of the Series 2011 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Bonds.

The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, books for the registration and transfer of the Series 2011 A Bonds and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2011 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2011 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2011 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2011 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner's furnishing proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds so surrendered shall be canceled and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Series 2011 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No Registered Owner of the Series 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2011 A Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2011 A Bonds shall be secured by a first lien on the Gross Revenues on a parity with the lien on the Gross Revenues in favor of the Registered Owners of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2011 A Bonds and the Prior Bonds and to make the payments into all funds and accounts established by this Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.08. Delivery of Bonds. The Issuer shall execute and deliver the Series 2011 A Bonds to the Government as soon as the Government will accept such delivery.

Section 3.09. Form of Bonds. The text of the Series 2011 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Bond Legislation or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF HARRISVILLE
WATER REVENUE BOND, SERIES 2011 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

\$ _____

FOR VALUE RECEIVED, on this ___ day of _____, 2012, THE TOWN OF HARRISVILLE, a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State (the "Issuer"), promises to pay to the order of the UNITED STATES OF AMERICA (the "Government"), at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, and in the manner provided below, the principal sum of _____ DOLLARS (\$ _____), or such lesser amount as is set forth on the Record of Advances attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of ___% per annum.

The principal of and interest on this Bond shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing 30 days following the date of delivery of this Bond and continuing on the corresponding day of each month thereafter for the first 24 months after the date hereof, and thereafter, on the corresponding day of each month in installments of principal and interest in the aggregate amount of \$ _____, except that the final installment shall be paid at the end of 20 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof and except that prepayments may be made as provided below. This consideration shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Issuer as requested by the Issuer and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

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Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer. Extra payments, as defined in the regulations of the Government, shall, after payment of interest, be applied to the installment last to come due under this Bond and shall not affect the obligation of the Issuer to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof, or to preserve or to protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Issuer has granted to the Government a lien on the proceeds of this Bond until such proceeds are expended for authorized purposes.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, _____, effective _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1994 A, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT

OF \$660,000; (2) WATER REVENUE BONDS, SERIES 1994 B, DATED AUGUST 24, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$45,000; (3) WATER REVENUE BONDS, SERIES 1999, DATED DECEMBER 20, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$155,000; (4) WATER REVENUE BONDS, SERIES 2008 A, DATED AUGUST 15, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000; AND (5) WATER REVENUE BONDS, SERIES 2008 B, DATED SEPTEMBER 18, 2008, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$275,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Gross Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the Series 2011 A Bonds Reserve Account created under the Bond Legislation for this Bond and unexpended proceeds of this Bond. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2011 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 110% of the maximum amount of principal of and interest on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of this Bond, for the terms of which, reference is made to the Bond Legislation. Remedies provided the Registered Owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth in the Bond Legislation, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Recorder of the Issuer, as registrar (the "Registrar"), which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of acquisition and construction of the Project and the costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for such purposes and periods of time.

If at any time it so appears to the Government that the Issuer may be able to obtain a loan from a responsible cooperative or private creditor at reasonable rates and terms for loans for such purposes and period of time, the Issuer will at the Government's request apply for and accept such loan in sufficient amount to repay the Government.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, this Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

This Bond is given as evidence of a loan to the Issuer made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and upon the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE TOWN OF HARRISVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Mayor

ATTEST:

Recorder

EXHIBIT A
RECORD OF ADVANCES

<u>Amount</u>	<u>Date</u>	<u>Amount</u>	<u>Date</u>
(1) \$		(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

Total \$ _____

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____.

In the presence of:

Section 3.10. Sale of Bonds. The Series 2011 A Bonds shall be sold to the Government pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions is hereby approved and specifically incorporated into this Bond Legislation.

ARTICLE IV

[Reserved]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

The following special funds or accounts are hereby created with (or continued if previously created by the Prior Ordinances) and shall be held by the Depository Bank:

- (1) Revenue Fund (created by the Prior Ordinances);
- (2) Depreciation Account (created by the Prior Ordinances); and
- (3) Series 2011 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special account is hereby created with and shall be held by the Commission:

- (1) Series 2011 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, each month, from the moneys in the Revenue Fund, (i) make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 30 days following the date of delivery of the Series 2011 A Bonds and continuing on the corresponding day of each month, remit to the National Finance Office for deposit in the Series 2011 A Bonds Sinking Fund hereby established at the National Finance Office, the amount of interest set forth in the Series 2011 A Bonds.

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the principal payments of the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2011 A Bonds and continuing on the

corresponding day of each month, remit to the National Finance Office for deposit in the Series 2011 A Bonds Sinking Fund, the amount of principal set forth in the Series 2011 A Bonds.

The deposits into the Series 2011 A Bonds Sinking Fund provided in this paragraph and in Section 5.03 A(1) above, constitute actual payments of principal of and interest on the Series 2011 A Bonds to the Government.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments into the Reserve Accounts for the Prior Bonds in the amounts and on the dates required by the Prior Ordinances; and (ii) commencing on the day which is 24 months following the date of delivery of the Series 2011 A Bonds and continuing on the corresponding day of each month, remit to the Commission for deposit in the Series 2011 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2011 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2011 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2011 A Bonds Reserve Requirement.

(4) The Issuer shall next, each month, pay from the Revenue Fund, all current Operating Expenses of the System.

(5) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the payments into the Depreciation Account in the amounts and on the dates required by the Prior Ordinances. All funds in the Depreciation Account shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Account for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Depreciation Account.

Moneys in the Series 2011 A Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest on the Series 2011 A Bonds as the same shall become due. Moneys in the Series 2011 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2011 A Bonds as the same shall come due, when moneys in the Series 2011 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2011 A Bonds Reserve Account (if fully funded in an amount equal to the Series 2011 A Bonds Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2011 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2011 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2011 A Bonds Reserve Account which result in a reduction in the balance of such account to an amount below the Series 2011 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2011 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2011 A Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2011 A Bonds Reserve Account created hereunder, and all amounts required for such account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Government, the Issuer shall make the necessary arrangements whereby required payments into the Series 2011 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2011 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2011 A Bonds Outstanding under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges then due. If required by the Government, the Issuer shall make the necessary arrangements whereby payments to the Commission under this paragraph shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

D. The moneys in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

E. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments, in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided that, all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Section 5.03 A hereof, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority.

F. All remittances made by the Issuer to the Government, the Commission and the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

G. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. All moneys derived from the sale of the Series 2011 A Bonds shall be deposited by the Issuer, as received from time to time, in the Series 2011 A Bonds Construction Trust Fund and shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Series 2011 A Bonds.

Section 6.02. Disbursements from Bond Construction Trust Fund. The Series 2011 A Bonds Construction Trust Fund shall be kept separate and apart from all other funds of the Issuer, and shall be drawn out, used and applied by the Issuer solely for the payment of the costs of the Project and purposes incidental thereto, including payment of any borrowings by the Issuer made for the purpose of temporarily financing a portion of the costs of the Project and payment of interest on the Series 2011 A Bonds prior to and during construction and for a period up to six months after completion of construction and for no other purposes whatsoever. If approved by the Government, the moneys in said fund shall be secured at all times by Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason the amounts on deposit in the Series 2011 A Bonds Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Issuer as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Registered Owners of the Series 2011 A Bonds.

Expenditures or disbursements from the Series 2011 A Bonds Construction Trust Fund shall be made only after such expenditures or disbursements have been approved in writing by the Governing Body, the Consulting Engineers and the Government.

The Issuer shall coordinate with the Government on the monthly payment of the costs of the Project and shall submit invoices and requisitions as directed by the Government.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions set forth in this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2011 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2011 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2011 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2011 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of any Series 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2011 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2011 A Bonds shall be secured by a first lien on the Gross Revenues derived from the operation of the System on a parity with the lien on the Gross Revenues in favor of the Registered Owners of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2011 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in this Bond Legislation and the Prior Ordinances, are hereby irrevocably pledged to such payments as they become due and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of this Bond Legislation. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer duly enacted on February 14, 2006.

So long as the Series 2011 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation. In the event the schedule of rates and charges initially established for the System in connection with the Series 2011 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions. So long as the Series 2011 A Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of, or encumbered (other than any statutory mortgage lien created under the Act on account of obligations issued within the restrictions hereof) only with the written consent of the Government and such consent will specify the disposition of any such sale or transfer.

Section 7.06. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. Except additional Parity Bonds provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2011 A Bonds. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2011 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to such additional Parity Bonds, being on a parity with the lien of the Series 2011 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2011 A Bonds and the interest thereon in this Bond Legislation or upon the System or any part thereof.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided and with the prior written consent of the Government.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 A Bonds.

No Parity Bonds shall be issued, except for the purpose of financing the costs of the design, acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the Bonds or both such purposes.

So long as the Series 2011 A Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2011 A Bonds, representing 75% of the then-outstanding principal indebtedness.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2011 A Bonds and the Registered Owners of any Parity Bonds subsequently issued, from time to time, within the limitations of and in compliance with this Section. All the Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and

accounts created in this Bond Legislation required for and on account of such additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2011 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this Section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2011 A Bonds.

No Parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation on account of the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances.

Section 7.08. Books, Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Government and its agents and representatives to inspect all books, documents, papers and records relating to the Project and the System, at all reasonable times, for the purpose of audit and examination. The Issuer shall submit to the Government such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Government and its agents and representatives to inspect all records pertaining to the operation and maintenance of the System, at all reasonable times, following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of the Series 2011 A Bonds issued pursuant to the Bond

Legislation shall have the right, at all reasonable times, to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer.

The Issuer shall file with the Government, and shall mail in each year to any Registered Owner of the Series 2011 A Bonds requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2011 A Bonds, and shall submit said report to the Government. Such audit report shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and this Bond Legislation and that the Gross Revenues are adequate to meet the Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Letter of Conditions and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Government and its agents and representatives to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Government and its agents and representatives with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Government with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to issuance of the Series 2011 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2011 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services of the System described in Section 7.04.

Section 7.10. Operating Budget. The Issuer shall, annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Government within 30 days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made, except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Government and any Registered Owner of the Series 2011 A Bonds within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government and any Registered Owner of the Series 2011 A Bonds or anyone acting for and on behalf of such Registered Owner.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers, certifying that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Government, the Project will be adequate for the purposes for which it was designed, the funding plan as submitted to the Government is sufficient to pay the costs of the acquisition and construction of the Project, and all permits required by federal and State laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Government, covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies.

The Issuer shall employ qualified operating personnel, properly certified by the State to operate the System so long as the Series 2011 A Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State or the rules and regulations of the PSC.

Whenever any fees, rates, rentals or other charges for the services or facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and any rules and regulations promulgated by the PSC applicable thereto, fees, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that it will, to the full extent permitted by law and any rules and regulations promulgated by the PSC applicable thereto, discontinue and shut off the services and facilities of the System to all delinquent users of the services and facilities of the System, and will not restore such services of the System until all delinquent charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid, and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services, of any nature by its System, nor will any preferential rates be established for users of the same class; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or himself or herself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Series 2011 A Bonds remain Outstanding, the Issuer shall, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) **Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance,** to be procured prior to acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) **Public Liability Insurance,** with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from the operation of the System.

(C) **Vehicular Public Liability Insurance,** in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated for the benefit of the Issuer, with limits of not less than \$1,000,000 for personal liability to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 from claims for damage to property of others which may arise from such operation of vehicles.

(D) **Workers' Compensation Coverage for All Employees of the System Eligible Therefor and Performance and Payment Bonds,** such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(E) **Fidelity Bonds** will be provided as to every member, officer and employee of the Issuer having custody of the Revenue Fund or of any other funds or property of the System in an amount at least equal to the total funds in the custody of any

such person at any one time, and initially in the amount required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

(F) Flood Insurance will be obtained by the Issuer if available; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(G) Construction Bonds. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. The Issuer shall verify such insurance prior to commencement of construction.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and State requirements and standards.

The Issuer has obtained all permits required by State and federal laws necessary for the acquisition and construction of the Project, all requisite orders and approvals from the PSC and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2011 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance With Letter of Conditions and Law. The Issuer shall comply with, perform and satisfy all terms and conditions of the Letter of Conditions, this Bond Legislation and the Act. The Issuer shall comply with all applicable laws, rules and regulations issued by the Government or other State, federal or local bodies in regard to the acquisition and construction of the Project and operation, maintenance and use of the System.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Registered Owner of the Series 2011 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series 2011 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.20. Contracts. The Issuer shall, simultaneously with the delivery of the Series 2011 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

Section 7.21. Certification. The Mayor shall certify that the infrastructure investment has been properly approved as required by law and that the Mayor accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars.

Section 7.22. Report on Use of Funds. The Issuer shall provide specific requested information to the Government on a periodic basis for inclusion in various internal and publicly-available reports.

Section 7.23. Buy American. All iron, steel and manufactured goods used in the construction of the Project shall be produced in the United States.

Section 7.24. Wage Rate Requirements. All laborers and mechanics employed by contractors and subcontractors for the Project shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality where this project will occur.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund". The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. The Depository Bank may make any and all investments permitted by this section through its own trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments and shall distribute to the Issuer, at least once each year (or more often if requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2011 A Bonds are outstanding.

Notwithstanding the foregoing, any investments made pursuant to this Bond Legislation shall comply with the guidelines of the Government.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2011 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2011 A Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2011 A Bonds set forth in this Bond Legislation, any supplemental resolution, or in the Series 2011 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Government or a Registered Owner of the Series 2011 A Bonds; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2011 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding, enforce all rights of such Registered Owners, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2011 A Bonds, (iv) by action at law or bill in equity, require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2011 A Bonds, and (v) by action or bill in equity, enjoin any acts in violation of the Bond Legislation with respect to the Series 2011 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2011 A Bonds shall be on a parity with the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2011 A Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default, any Registered Owner shall, in addition to all other remedies or rights, have the right, by appropriate legal proceedings, to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate, maintain, manage and control the System, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to the System as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of the Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign,

mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and Registered Owners, and the curing and making good of any default under the provisions of the Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay to the Registered Owners of the Series 2011 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Legislation, then the pledge of Gross Revenues and any other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through direct payment of the entire outstanding principal of and all accrued interest on the Series 2011 A Bonds to the Registered Owners thereof, the Issuer may not defease the Series 2011 A Bonds or provide for payment thereof by escrow or other similar arrangements.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. Prior to the issuance of the Series 2011 A Bonds, this Bond Legislation may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 A Bonds, no material modification or amendment of this Bond Legislation or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Registered Owners of the Series 2011 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2011 A Bonds then Outstanding; provided that, no change shall be made in the maturity of the Series 2011 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the revenues of the System without the consent of the Registered Owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of the Series 2011 A Bonds required for consent to the above permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of this Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2011 A Bonds and no change, variation or alteration of any kind of the provisions of this Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Bond Legislation should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Legislation, the Supplemental Resolution and the Series 2011 A Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinance, all ordinances, resolutions and orders, or parts thereof, in conflict with this Bond Legislation are, to the extent of such conflict, repealed; provided that, in the event of any conflict between this Bond Legislation and the Prior Ordinances, the Prior

Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Bond Legislation do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Bond Legislation occurred, and are, duly in office and duly qualified for such office.

Section 11.07. Statutory Notice of Public Hearing. Upon adoption hereof, the abstract of this Bond Legislation in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks, with at least 6 full days intervening between each publication, in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Series 2011 A Bonds, and that any person interested may appear before the Issuer upon a certain date, not less than 10 days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of this Bond Legislation is on file with the Issuer for review by interested persons during office hours of the Issuer. The Governing Body hereby determines that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Bond Legislation shall take effect immediately following the public hearing and final reading hereof.

First Reading:	August 9, 2011
Second Reading:	August 16, 2011
Public Hearing and Third Reading:	September 6, 2011



Mayor

CERTIFICATION

Certified a true copy of a Bond Ordinance duly passed by the Council of
THE TOWN OF HARRISVILLE on August 16, 2011, and effective on September 6,
2011.

Dated this 3rd day of February, 2012.


Recorder

[SEAL]

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of purchase and installation of an automated meter reading system for its water distribution system, together with all related appurtenances.

EXHIBIT B

THE TOWN OF HARRISVILLE

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on _____, 2011, the Council of The Town of Harrisville (the "Issuer") adopted an ordinance which, among other things:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the Issuer's existing waterworks system (the "System") and the financing of the cost thereof, not otherwise provided, through the issuance of not more than \$220,000 in aggregate principal amount of Water Revenue Bonds, Series 2011 A (United States Department of Agriculture) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of a sinking fund and a reserve account for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues of the System; pledged the Gross Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to the Gross Revenues of the System; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.

6. Established the events of default and the remedies of the registered owners of the Bonds; provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of The Town of Harrisville at a regular meeting on _____, 2011, at 7:30 p.m., in the Council Chambers, Town Hall, Harrisville, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the Town Hall.

Recorder

**THE TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2012 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

2.8

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE TOWN OF HARRISVILLE WATER REVENUE BONDS, SERIES 2012 A (UNITED STATES DEPARTMENT OF AGRICULTURE); REDESIGNATING THE WATER REVENUE BONDS, SERIES 2011 A AS WATER REVENUE BONDS, SERIES 2012 A; DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of The Town of Harrisville (the "Issuer") has duly and officially passed a Bond Ordinance on August 16, 2011, effective September 6, 2011 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF HARRISVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$220,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2012 A (UNITED STATES DEPARTMENT OF AGRICULTURE); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of the Water Revenue Bonds, Series 2012 A (United States Department of Agriculture), of the Issuer, in an aggregate principal amount not to exceed \$220,000 (the "Bonds"), all in accordance with Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Government pursuant to the Letter of Conditions; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF HARRISVILLE, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer with the first publication thereof being not less than ten (10) days before the day set by the Bond Ordinance and the Notice for the public hearing, at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Bond Ordinance and the Notice, the Recorder has maintained in his or her office a certified copy of the Bond Ordinance for review by interested persons during the regular office hours of such office;

(C) In Council chambers, Town Hall, Harrisville, West Virginia, on September 6, 2011, at 7:30 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions

(C1604318.1)

regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Bond Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Bond Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Bond Ordinance and this Supplemental Resolution.

Section 2. The Issuer's Water Revenue Bonds, Series 2011 A (United States Department of Agriculture) as originally authorized by the Bond Ordinance are hereby redesignated as the Water Revenue Bonds, Series 2012 A (United States Department of Agriculture).

Section 3. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 2012 A (United States Department of Agriculture), of the Issuer, in the original principal amount of \$220,000. The Bonds shall be issued in the form of one Bond, shall be dated the date of delivery, shall mature twenty years from the date thereof, shall be numbered AR-1, and the principal amount advanced under the Bonds shall bear interest at the rate of 3.75% per annum. Monthly installments of interest only on the amounts advanced under the Bonds are payable 30 days following the date of delivery of the Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Bonds, and thereafter, monthly installments of principal of and interest on the Bonds, in the aggregate amount of \$1,404, are payable on the corresponding day of each month, except that the final installment on the Bonds shall be paid at the end of 20 years from the date of the Bonds in the sum of the unpaid principal and interest due on the date thereof. The Bonds are subject to prepayment as set forth in the Bond Ordinance and the Bonds. All principal and interest payments on the Bonds will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

Section 4. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 5. The Issuer hereby approves and accepts the offer of the Government to purchase the Bonds. The execution and delivery of the Bonds by the Mayor and the Recorder and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that

the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 6. The Issuer hereby appoints and designates West Union Bank, Harrisville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. The proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2012 A Bonds Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Bonds.

Section 8. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Government pursuant to the Letter of Conditions on or about February 4, 2012.

Section 9. The acquisition and construction of the Project and the financing thereof with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 10. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2012 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 11. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 12. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 10th day of January, 2012.

A handwritten signature in cursive script, reading "Ken R. Hauptt", written over a solid horizontal line.

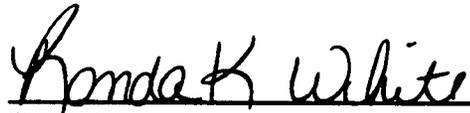
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of THE TOWN OF HARRISVILLE on the 10th day of January, 2012.

Dated this 3rd day of February, 2012.

[SEAL]



Recorder

**THE TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2012 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

2.8

SECOND SUPPLEMENTAL RESOLUTION

**SUPPLEMENTAL RESOLUTION AMENDING
INTEREST RATE AND PAYMENT SCHEDULE OF THE
TOWN OF HARRISVILLE WATER REVENUE BONDS,
SERIES 2012 A (UNITED STATES DEPARTMENT OF
AGRICULTURE).**

WHEREAS, the Council (the "Governing Body") of The Town of Harrisville (the "Issuer") has duly and officially passed a Bond Ordinance on August 16, 2011, effective September 6, 2011 (the "Bond Ordinance"), entitled:

**ORDINANCE AUTHORIZING THE ACQUISITION AND
CONSTRUCTION OF CERTAIN ADDITIONS,
BETTERMENTS AND IMPROVEMENTS TO THE
EXISTING WATERWORKS SYSTEM OF THE TOWN OF
HARRISVILLE AND THE FINANCING OF THE COST
THEREOF, NOT OTHERWISE PROVIDED, THROUGH
THE ISSUANCE BY THE TOWN OF NOT MORE THAN
\$220,000 IN AGGREGATE PRINCIPAL AMOUNT OF
WATER REVENUE BONDS, SERIES 2012 A (UNITED
STATES DEPARTMENT OF AGRICULTURE);
PROVIDING FOR THE RIGHTS AND REMEDIES OF
AND SECURITY FOR THE REGISTERED OWNERS OF
SUCH BONDS; AUTHORIZING EXECUTION AND
DELIVERY OF ALL DOCUMENTS RELATING TO THE
ISSUANCE OF SUCH BONDS; AUTHORIZING THE
SALE AND PROVIDING FOR THE TERMS AND
PROVISIONS OF SUCH BONDS AND ADOPTING
OTHER PROVISIONS RELATING THERETO.**

WHEREAS, the Governing Body of the Issuer adopted a Supplemental Resolution on January 10, 2012 (the "Supplemental Resolution"), entitled:

**SUPPLEMENTAL RESOLUTION PROVIDING AS TO
THE PRINCIPAL AMOUNT, DATE, MATURITY DATE,
INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE**

AND OTHER TERMS OF THE TOWN OF HARRISVILLE WATER REVENUE BONDS, SERIES 2012 A (UNITED STATES DEPARTMENT OF AGRICULTURE); REDESIGNATING THE WATER REVENUE BONDS, SERIES 2011 A AS WATER REVENUE BONDS, SERIES 2012 A; DESIGNATING A DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the United States Department of Agriculture, the Original Purchaser, of the Water Revenue Bonds, Series 2012 A (United States Department of Agriculture) (the "Series 2012 A Bonds") agreed to purchase the Series 2012 A Bonds at a lower interest rate which will result in lower debt service payment; and

WHEREAS, it is necessary to amend the interest rate and debt service payment on the Series 2012 A Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF HARRISVILLE, WEST VIRGINIA, AS FOLLOWS:

Section 1. The Bonds shall bear interest at the rate of 3.00% per annum. Monthly installments of interest only on the amounts advanced under the Bonds are payable 30 days following the date of delivery of the Bonds and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Bonds, and thereafter, monthly installments of principal of and interest on the Bonds, in the aggregate amount of \$1,221, are payable on the corresponding day of each month, except that the final installment on the Bonds shall be paid at the end of 20 years from the date of the Bonds in the sum of the unpaid principal and interest due on the date thereof.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance and the Supplemental Resolution.

Section 3. This Second Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 1st day of February, 2012.



Mayor

CERTIFICATION

Certified a true copy of a Second Supplemental Resolution duly adopted by the Council of THE TOWN OF HARRISVILLE on the 1st day of February, 2012.

Dated this 3rd day of February, 2012.

[SEAL]



Recorder



Rural Development

West Virginia State
Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

Voice 304.284.4860
1.800.295.8228
Fax 304.284.4893

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the United States Department of Agriculture, Rural Development, the registered owner of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2014 A (United States Department of Agriculture), in the original aggregate principal amount of \$538,000 and the Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund), in the original aggregate principal amount of \$290,000 (collectively, the "Series 2014 Bonds"), by the Town of Harrisville (the "Issuer"), under the terms of the Bond Ordinance authorizing the Series 2014 Bonds (the "Bond Ordinance"), on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000; (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000; (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000; (4) Water Revenue Bonds, Series 2008 A, dated August 15, 2008, issued in the original principal amount of \$700,000; (5) Water Revenue Bonds, Series 2008 B, dated September 18, 2008, issued in the original principal amount of \$275,000; and (6) Water Revenue Bonds, Series 2012 A, dated February 3, 2012, issued in the original principal amount of \$220,000 (the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the ordinance authorizing the Prior Bonds (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the Series 2014 Bonds or the Bond Ordinance, including, specifically, the requirement that annual debt service coverage must be at least 120% for the issuance of Parity Bonds; and (iii) consents to any amendments made to the Prior Ordinance by the Bond Ordinance.

WITNESS my signature on this 18th day of July, 2014.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL DEVELOPMENT


Acting State Director

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TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

3.1

GENERAL CERTIFICATE ON:

1. TERMS AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. RATES
7. INCUMBENCY AND OFFICIAL NAME
8. MEETINGS
9. INSURANCE
10. SPECIMEN BONDS
11. LOAN AGREEMENT
12. BOND PROCEEDS; GRANTS
13. PUBLICATION AND PUBLIC HEARING ON ORDINANCE
14. LAND AND RIGHTS-OF-WAY
15. PUBLIC SERVICE COMMISSION ORDER
16. CONFLICTS OF INTEREST
17. USERS
18. PROCUREMENT OF ENGINEERING SERVICES
19. VERIFICATION OF SCHEDULE
20. WETLANDS COVENANT
21. COUNTERPARTS

On this 25th day of July, 2014, we, the undersigned MAYOR and the undersigned RECORDER of the Town of Harrisville in Ritchie County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Issuer's Water Revenue Bonds, Series 2014 A (United States Department of Agriculture) (the "Series 2014 A Bonds") and Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund) (the "Series 2014 B Bonds" and collectively with the Series 2014 A Bonds, the "Bonds" or the "Series 2014 Bonds"), dated the date hereof, as follows:

1. **TERMS AND AWARD OF BONDS:** The entire issue of the Series 2014 A Bonds has been duly awarded to the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), pursuant to a Letter of Conditions dated August 2, 2013, and all amendments thereto (collectively, the "Letter of Conditions"), and the Series 2014 B Bonds are being purchased by the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement entered into between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council, dated July 25, 2014 (the "Loan Agreement"). The Bonds are authorized to be issued pursuant to the Bond Ordinance

duly adopted by the Issuer on June 17, 2014, enacted and effective July 8, 2014, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 8, 2014 (collectively, the "Ordinance"). All capitalized words and terms used in this Certificate and not otherwise defined herein shall have the same meanings as set forth in the Ordinance.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Gross Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Council thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Gross Revenues for the Bonds.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect. The undersigned Mayor hereby certifies that the Project has been properly approved as required by law and that the Project is an appropriate use of taxpayer dollars. The Issuer has received the Drug Free Workplace affidavits from the successful bidders required by Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval and acceptance of the Letter of Conditions by the Issuer or the execution and delivery of the Loan Agreement. The Issuer has met all conditions set forth in the Letter of Conditions and the Loan Agreement and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Bonds as to liens, pledges and sources of and security for payment being the (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000; (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000; (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000; (4) Water Revenue Bonds, Series 2008 A, dated August 15, 2008, issued in the original principal amount of \$700,000; (5) Water Revenue Bonds, Series 2008 B, dated September 18, 2008, issued in the original principal amount of \$275,000; and (6) Water Revenue Bonds, Series 2012 A, dated February 3, 2012, issued in the original principal amount of \$220,000 (the "Prior Bonds").

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by the revenues or the assets of the System. The Issuer is in compliance with all of the covenants of the Prior Bonds and the Prior Ordinance.

5. **SIGNATURES AND DELIVERY:** The undersigned Mayor and Recorder are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign all of the Bonds, consisting upon original issuance of a single Bond for each Series, dated the date hereof, by his or her manual signature; the undersigned Recorder did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; the Registrar did officially authenticate, register and deliver the Series 2014 B Bonds to a representative of the Authority as the original purchaser of the Series 2014 B Bonds under the Loan Agreement; and the Mayor did deliver the Series 2014 A Bonds to a representative of the Government as the original purchaser of the Series 2014 A Bonds.

6. **RATES:** The Issuer has duly enacted a water rate ordinance on March 11, 2014, setting forth the water rates and charges for the System. The Issuer has complied with all requirements of the Act and the Public Service Commission of West Virginia (the "PSC") to make the rates valid and effective. The time for appeal of such rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect.

7. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is the "Town of Harrisville." The Issuer is a municipal corporation and political subdivision of the State of West Virginia in Ritchie County of said State. The governing body of the Issuer is its Council, consisting of five Council members, the Mayor and the Recorder, all duly elected or appointed, qualified and acting, whose names and dates of commencement and termination of their current terms of office are listed below:

<u>Office</u>	<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Mayor	Alan R. Haught	July 1, 2013	June 30, 2015
Recorder	Ronda Kay White	July 1, 2013	June 30, 2015
Council Member	Paul Beall	July 1, 2013	June 30, 2015
Council Member	David L. Lamm	July 1, 2013	June 30, 2015
Council Member	Jeffrey L. Hardman	July 1, 2013	June 30, 2015
Council Member	Richard D. Kerns	July 1, 2013	June 30, 2015
Council Member	Barbara A. Lowther	July 1, 2013	June 30, 2015

The duly appointed and acting attorney for the Issuer is Rodney Windom, Esquire, of Harrisville, West Virginia.

8. **MEETINGS:** All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction and financing of the Project and the operation of the System were authorized or adopted at meetings of the Council duly and regularly or specifically called and held pursuant to all applicable statutes, including Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and the rules of procedure of the Council, and a quorum of duly elected or appointed, qualified and acting members of the Council was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. **INSURANCE:** The Issuer will maintain or, as appropriate, will require all contractors to maintain workers' compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance, the Loan Agreement and the Letter of Conditions. All insurance for the System required by the Ordinance, the Loan Agreement and the Letter of Conditions are in full force and effect.

10. **SPECIMEN BONDS:** Attached hereto as Exhibit A are specimens of the Bonds which, except as to execution, are identical in all respects with the Bonds this day delivered to the Government and the Authority and being substantially in the form prescribed in the Ordinance.

11. **LOAN AGREEMENT:** As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statements of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement, which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

The Issuer will serve the additional customers at the location(s) as set forth in the Certificate of the Engineer. The Issuer will not reduce the amount of additional customers served by the Project without the prior written approval of the Board of the Authority. Following completion of the Project, the Issuer will certify to the Authority the number of customers added to the System.

12. **BOND PROCEEDS; GRANTS:** On the date hereof, the Issuer received: the sum of \$54,843.00 from the Government being a portion of the principal amount of the Series 2014 A Bonds and the sum of \$86,625.25 from the Authority being a portion of the principal amount of the Series 2014 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project

progresses. As of the date hereof, the grant from the Government in the amount of \$405,300 and the grant from the West Virginia Infrastructure Jobs and Development Council in the amount of \$272,000 are committed for the Project and are in full force and effect.

13. **PUBLICATION AND PUBLIC HEARING ON ORDINANCE:** Upon adoption of the Ordinance, an abstract thereof, determined by the Council to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in The Ritchie Gazette, one qualified newspaper of general circulation in the Issuer, together with a notice to all persons concerned, stating that the Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in the Ordinance, stating that any person interested may appear before the Council at the public hearing held at a regular meeting of Council on July 8, 2014, at 7:30 p.m., prevailing time, in the Council chambers of the Town Hall in Harrisville, West Virginia, and present protests, and stating that certified copies of the Ordinance were on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Council and the Ordinance became finally adopted, enacted and effective as of the date of such public hearing and remains in full force and effect.

14. **LAND AND RIGHTS-OF-WAY:** All land, rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

15. **PUBLIC SERVICE COMMISSION ORDER:** The Issuer has received the Recommended Decision of the Administrative Law Judge entered on June 16, 2014, as made final by the PSC on July 6, 2014, in Case No. 14-0368-W-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the PSC orders has not expired prior to the date hereof. However, the Issuer hereby states that it will not appeal such orders and the other parties thereto have stated that they do not intend to appeal such orders. Such orders remain in full force and effect.

16. **CONFLICTS OF INTEREST:** No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Ordinance, and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

17. **USERS:** The Issuer will serve at least 1,129 bona fide users upon the completion of the Project, in full compliance with the Letter of Conditions.

18. **PROCUREMENT OF ENGINEERING SERVICES:** The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

19. **VERIFICATION OF SCHEDULE:** The final amended Schedule B attached to the Certificate of Consulting Engineer, with the signature of the Chairperson and the Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

20. **WETLANDS COVENANT:** The Issuer hereby certifies that it will not use any proceeds of the Bonds for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

21. **COUNTERPARTS:** This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of the TOWN OF HARRISVILLE, as of the date first written above.

[SEAL]

<u>Signature</u>	<u>Official Title</u>
<u><i>Clark D. Dwyer</i></u>	Mayor
<u><i>Pondak White</i></u>	Recorder
<u><i>Thomas C. Windme</i></u>	Attorney

EXHIBIT A

**Series 2014 A Specimen Bond
Series 2014 B Specimen Bond**

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

3.2

CERTIFICATE OF NO LITIGATION

On this 25th day of July, 2014 the undersigned hereby certifies that as of the date hereof, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale or delivery of the above-captioned Bonds (the "Bonds"), the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Town of Harrisville (the "Issuer") taken with respect to the authorization, issuance, sale or delivery of the Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of the Gross Revenues for payment of the Bonds.

All capitalized terms used herein shall have the same meaning set forth in the Bond Ordinance, authorizing the Bonds, duly adopted by the Issuer on June 17, 2014, enacted and effective July 8, 2014.

WITNESS my signature on this 25th day of July, 2014


Rodney Windom, Esquire
Attorney for the Town of Harrisville

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE AS TO USE OF PROCEEDS

On this 25th day of July, 2014, the undersigned Mayor of the Town of Harrisville in Ritchie County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$290,000 Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund), of the Issuer, dated July 25, 2014 (the "Bonds" or the "Series 2014 B Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance duly adopted by the Issuer on June 17, 2014, enacted and effective July 8, 2014, and Supplemental Resolution adopted on July 8, 2014 (the "Ordinance"), authorizing the Bonds.
2. This Certificate may be relied upon as the Certificate of the Issuer.
3. This Certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 25, 2014, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.
4. The Series 2014 B Bonds were sold on July 25, 2014, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated July 25, 2014, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), for an aggregate purchase price of \$290,000 (100% of par), at which time, the Issuer received \$86,625.25 from the Authority, being the first advance of the principal amount of the Series 2014 B Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the respective principal amounts of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.
5. The Bonds are being delivered simultaneously with the delivery of this Certificate and are issued for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.
6. The Issuer has previously entered into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the

Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before July 2015. The acquisition and construction of the Project is expected to be completed by July 2015.

7. The total cost of the Project is estimated at \$1,505,300. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of Series 2014 A Bonds	\$ 538,000
Proceeds of Series 2014 B Bonds	\$ 290,000
RUS Grant	\$ 405,300
Infrastructure Fund Grant	\$ <u>272,000</u>
Total Sources	\$1,505,300

USES

Costs of the Project	\$1,484,800
Costs of Issuance	\$ <u>20,500</u>
Total Uses	\$1,505,300

8. Pursuant to Article V of the Ordinance, the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2014 A and B Bonds Construction Trust Fund;
- (4) Series 2014 B Bonds Sinking Fund; and
- (5) Series 2014 B Bonds Reserve Account.

9. Pursuant to Article VI of the Ordinance, the proceeds of the Bonds will be deposited as follows:

- (1) Series 2014 B Bonds proceeds in the amount of \$0 will be deposited in the Series 2014 B Bonds Reserve Account.
- (2) The balance of the proceeds of the Bonds will be deposited in the Series 2014 A and B Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs.

10. Moneys held in the Series 2014 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2014 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2014 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2014 A and B Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2014 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

11. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

12. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

13. With the exception of the amount deposited in the Series 2014 B Bonds Reserve Account all of the proceeds of the Series 2014 B Bonds will be expended on the Project within 12 months from the date of issuance thereof.

14. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

15. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

16. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

17. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

18. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of the Bonds so that use of proceeds from each series of the Bonds can be accounted for.

19. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

20. The Bonds are not federally guaranteed.

21. The Issuer has retained the right to amend the Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

22. The Issuer has either (a) funded the Series 2014 B Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Series 2014 B Bonds in the then current or any succeeding year with the proceeds of the Series 2014 B Bonds, or (b) created the Series 2014 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2014 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Series 2014 B Bonds in the then current or any succeeding year. Moneys in the Series 2014 B Bonds Reserve Account and the Series 2014 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2014 B Bonds and will not be available to pay costs of the Project.

23. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

24. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

25. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

26. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature as of the date first written above.



Mayor

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

3.4

**CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED**

On this 25th day of July, 2014, the undersigned duly elected Recorder of the Town of Harrisville (the "Issuer") hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the Issuer's Water Revenue Bonds, Series 2014 A (United States Department of Agriculture) and Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund) are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted, enacted or entered by the Council of the Issuer, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter.
2. Oaths of Office of Mayor, Recorder and Council Members.
3. Rules of Procedure.
4. Public Service Commission Order.
5. USDA Letter of Conditions, Closing Letter and Loan Resolution.
6. Minutes of Council Meeting regarding Adoption of USDA Loan Resolution.
7. Infrastructure Council Approval Letter.
8. Rate Ordinance.
9. Infrastructure Council Loan Agreement.
10. Minutes of Council Meetings regarding All Readings and Public Hearing of the Rate Ordinance.
11. Affidavit of Publication of the Rate Ordinance and Notice of Public Hearing.

12. Bond Ordinance.
13. Supplemental Resolution.
14. Minutes of Council Meetings regarding All Readings and Public Hearing of the Bond Ordinance and Adoption of the Supplemental Resolution.
15. Affidavit of Publication of the Notice of Public Hearing and Abstract of Bond Ordinance.
16. Environmental Health Services Permit and NPDES Permit.
17. Insurance Certificates.
18. USDA Consent to Issuance of Bonds.
19. 1994 Bond Ordinance.
20. 1999 Bond Ordinance.
21. 2008 A Bond Ordinance.
22. 2008 B Bond Ordinance.
23. 2012 A Bond Ordinance.
24. USDA Grant Agreement.
25. Infrastructure Council Grant Agreement.

WITNESS my signature and the official seal of the Issuer as of the date first written above.


Recorder

[SEAL]

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

3.5

CERTIFICATE OF CONSULTING ENGINEER

On this 25th day of July, 2014, I, Dominik P. Cerrone, Registered Professional Engineer, West Virginia License No. 14750 of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain, additions, betterments and improvements (the "Project") to the existing waterworks system (the "System") of the Town of Harrisville (the "Issuer"), to be constructed primarily in Ritchie County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance adopted by the Issuer on June 17, 2014, enacted and effective July 8, 2014 (the "Ordinance"), the Letter of Conditions dated August 2, 2013, (the "Letter of Conditions"), from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), and the loan agreement entered into between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated July 25, 2014 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project and (ii) paying certain costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Bureau for Public Health (the "BPH"), and any change orders approved by the Issuer, the Government and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Letter of Conditions and set forth in the Schedule B attached as Exhibit A, and in reliance upon the opinion of Rodney Windom, Esquire, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as

approved by the Government and the Council and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of Bassett & Lowe, CPAs, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Ordinance; (x) the net proceeds of the Bonds, together with all moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Government and the Council; and (xi) all contractors to be awarded contracts for the construction of the Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

4. The Project will serve 34 new customers in the Chevaux de Frise area of Ritchie County, West Virginia.

[The remainder of this page intentionally left blank; signature page follows.]

WITNESS my signature and seal as of the date first written above.

[SEAL]



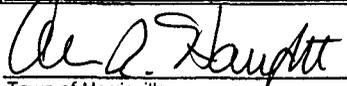
CERRONE ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read "Dominick P. Cerrone", written over a horizontal line.

Dominik P. Cerrone, P.E.
West Virginia License No. 14750

**Town of Harrisville
Chevaux De Frise Water Ext. (2012W-1333)**

A. COST OF PROJECT	TOTAL	IJDC Grant	IJDC Loan	USDA Grant	USDA Loan
1 Construction					
Contract 1	1,066,113.80	193,810.57	233,142.85	268,096.22	371,064.16
2 Construction Contingency	53,400.00			26,450.00	26,950.00
3 Engineering					
a Study & Report	10,000.00			4,500.00	5,500.00
b Design	70,000.00	35,000.00	27,750.00	7,250.00	
c RPR	78,500.00			35,325.00	43,175.00
d Eng. During Const.	12,000.00			7,375.00	4,625.00
e Special	16,108.00	5,000.00	5,000.00		6,108.00
4 Lands & ROWs	5,000.00			2,250.00	2,750.00
5 Legal Services	30,000.00			19,000.00	11,000.00
6 Accounting	5,500.00			2,475.00	3,025.00
7 Administration (Region)	33,714.30	16,857.15	16,857.15		
8 Capitalized Interest & Design Interest	23,900.00				23,900.00
9 Permits	0.00				
10 Equipment	53,305.69	21,332.28		31,973.41	
11 Project Contingency	27,258.21			605.37	26,652.84
12 Sub Total (Lines 1 thru 8)	1,484,800.00	272,000.00	282,750.00	405,300.00	524,750.00
B. COST OF FINANCING					
13 Funded Reserve					
14 Registrar	500.00		500.00		
15 Bond Counsel	20,000.00		6,750.00		13,250.00
16 Cost of Financing (lines 10 through 12)	20,500.00	0.00	7,250.00	0.00	13,250.00
17 TOTAL PROJECT COST line 8 plus line 13	1,505,300.00	272,000.00	290,000.00	405,300.00	538,000.00
C. SOURCES OF OTHER FUNDS					
18 Federal Grants (USDA-RD)	405,300.00			405,300.00	
19 Federal Grants	0.00				
20 State Grants (IJDC)	272,000.00	272,000.00			
21 Other Sources	0.00				
22 TOTAL GRANTS	677,300.00				
23 Size of Bond Issue (IJDC & USDA)	828,000.00		290,000.00		538,000.00


Town of Harrisville

7/23/14
Date


Cerrone Associates

072314
Date

LOWE & ASSOCIATES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

1156 SOUTH MAIN STREET

MILTON, WEST VIRGINIA 25541

Phone: (304) 743-5573 FAX: (304) 743-1150

e-mail: rlowe@lowecpas.com

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

Town of Harrisville
Harrisville, West Virginia

West Virginia Water Development
Authority
Charleston, West Virginia

United States Department of Agriculture
Rural Utilities Service
Ripley, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

CPA CERTIFICATE

Ladies and Gentlemen:

We have reviewed the water rates of the Town of Harrisville, West Virginia (the "Issuer"), enacted by the Issuer pursuant to a water rate ordinance dated March 11, 2014, the projected operating expenses and the anticipated customer usage provided by the Issuer and Cerrone Associates, Inc. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the waterworks system of the Issuer (the "System"), and (ii) to leave a balance each fiscal year equal to at least 115% of the maximum amount required in any succeeding fiscal year for payment of principal of and interest on the Issuer's Water Revenue Bonds, Series 2014 A (United States Department of Agriculture) (the "Series 2014 A Bonds") in the aggregate principal amount of \$538,000, an interest rate of 2.75% and a term of 40 years and Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund) (the "Series 2014 B Bonds" and together with the Series 2014 A Bonds, the "Series 2014 Bonds") in the aggregate principal amount of \$290,000, an interest rate of 1% and a term of 40 years and (1) Water Revenue Bonds, Series 1994 A, dated August 24, 1994, issued in the original principal amount of \$660,000; (2) Water Revenue Bonds, Series 1994 B, dated August 24, 1994, issued in the original principal amount of \$45,000; (3) Water Revenue Bonds, Series 1999, dated December 20, 1999, issued in the original principal amount of \$155,000; (4) Water Revenue Bonds, Series 2008 A, dated August 15, 2008, issued in the original principal amount of \$700,000; (5) Water Revenue Bonds, Series 2008 B, dated September 18, 2008, issued in the original principal amount of \$275,000; and (6) Water Revenue Bonds, Series 2012 A, dated February 3, 2012, issued in the original principal amount of \$220,000 (collectively the "Prior Bonds"), issued on the date hereof, of the Issuer as set forth in the ordinances authorizing the Series 2014 Bonds.

It is further our opinion that the Net Revenues of the System for the fiscal year following the year in which the Series 2014 Bonds are issued, will not be less than 115% of the average annual debt service requirements on the Prior Bonds and the Series 2014 Bonds.

Very truly yours,

A handwritten signature in cursive script that reads "Lowe & Associates, PLLC".

LOWE & ASSOCIATES, PLLC

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

3.7(A)

RECEIPT FOR BONDS

On this 25th day of July, 2014, the undersigned authorized representative of the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), for and on behalf of the Government, hereby certifies as follows:

1. On the date hereof, the undersigned received for and on behalf of the Government, the Water Revenue Bonds, Series 2014 A (United States Department of Agriculture) (the "Series 2014 A Bonds" or the "Series 2014 Bonds"), of the Town of Harrisville (the "Issuer"), dated July 25, 2014, issued in the form of one bond in the principal amount of \$538,000, and numbered AR-1. The Series 2014 A Bonds bear interest at the rate of 2.75% per annum, payable in monthly installments on the amounts advanced thereunder, commencing 30 days following the date of delivery of the Series 2014 A Bonds and continuing on the corresponding day of each month for the first 24 months after the date of the Series 2014 A Bonds, and thereafter, on the corresponding day of each month in installments of principal and interest on the Series 2014 A Bonds in the aggregate amount of \$1,905.00, except that the final installment on the Series 2014 A Bonds shall be paid at the end of 40 years from the date of the Series 2014 A Bonds in the sum of the unpaid principal and interest due on the date thereof. The Series 2014 A Bonds represent the entire principal amount of the above-captioned bond issue.

3. At the time of such receipt of the Series 2014 Bonds, they had been executed by the Mayor of the Issuer and attested by the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Series 2014 Bonds.

WITNESS my signature as of the date first written above.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF AGRICULTURE,
RURAL UTILITIES SERVICE



Authorized Representative

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

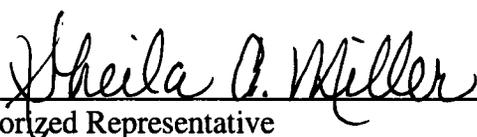
RECEIPT FOR BONDS

On this 25th day of July, 2014, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On the date hereof, in Charleston, West Virginia, the Authority received the Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund), of the Town of Harrisville (the "Issuer"), dated July 25, 2014 issued in the principal amount of \$290,000, in the form of one bond, fully registered to the Authority, and numbered BR1 (the "Bonds").
2. At the time of such receipt of the Bonds, they had been executed by the Mayor of the Issuer and attested by the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature as of the date first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY



Authorized Representative

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

3.8

RECEIPT FOR BOND PROCEEDS

On this 25th day of July, 2014, the undersigned Mayor of the Town of Harrisville (the "Issuer"), for and on behalf of the Issuer, hereby certifies that:

1. The Issuer has received on the date hereof from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), the sum of \$54,843.00, being the first advance on the Issuer's Water Revenue Bonds, Series 2014 A (United States Department of Agriculture) dated the date hereof (the "Series 2014 A Bonds").

2. The Issuer has received on the date hereof from the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council, the sum of \$86,625.25, being the first advance on the Issuer's Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund) dated the date hereof (together with the Series 2014 A Bonds, the "Series 2014 Bonds").

The Issuer understands that the remaining proceeds of the Series 2014 Bonds will be advanced to the Issuer by the Government and the Authority from time to time as construction progresses.

WITNESS my signature as of the date first written above.

TOWN OF HARRISVILLE



Mayor

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE, REGISTER AND DELIVER THE BONDS

United Bank, Inc., as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the \$290,000 Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund), in the form of one bond, numbered BR-1, dated July 25, 2014 (the "Bonds"), of the Town of Harrisville, West Virginia (the "Issuer"), authorized to be issued under and pursuant to a Bond Ordinance duly adopted by the Issuer on June 17, 2014, enacted and effective July 8, 2014, and a Supplemental Resolution duly adopted by the Issuer on July 8, 2014.

You are hereby requested and authorized to authenticate, register and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority.

WITNESS my signature this 25th day of July, 2014.

TOWN OF HARRISVILLE



Mayor

(SEAL)

Attest:



Recorder

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 25th day of July, 2014, by and between the TOWN OF HARRISVILLE, WEST VIRGINIA, a municipal corporation (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$290,000 Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund) (the "Bonds"), in the form of one bond, numbered BR-1, in fully registered form, pursuant to a Bond Ordinance duly adopted by the Issuer on June 17, 2014, enacted and effective July 8, 2014, and a Supplemental Resolution duly adopted July 8, 2014 (collectively, the "Ordinance");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver the Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

ISSUER:

Town of Harrisville
1501 East Main Street
P.O. Box 243
Harrisville, WV 26362-0243
Attention: Mayor

REGISTRAR:

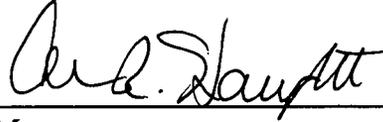
United Bank, Inc.
500 Virginia Street, East
Charleston, WV 25301-2135
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Ordinance.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

TOWN OF HARRISVILLE



Mayor

UNITED BANK, INC.



Authorized Officer

EXHIBIT A

See Bond Ordinance (Tab No. 13)
See Supplemental Resolution (Tab No. 14)

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE OF REGISTRATION OF BONDS

UNITED BANK, INC., Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund), of the Town of Harrisville, West Virginia (the "Issuer"), dated July 25, 2014, in the principal amount of \$290,000, and numbered BR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 25th day of July, 2014.

UNITED BANK, INC., as Registrar



Authorized Officer

TOWN OF HARRISVILLE
WATER REVENUE BONDS, SERIES 2014 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
WATER REVENUE BONDS, SERIES 2014 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

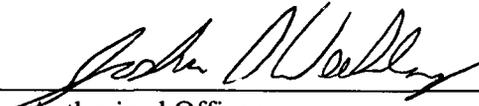
3.12

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

WEST UNION BANK, Harrisville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Issuer adopted by the Issuer on June 17, 2014, enacted and effective July 8, 2014, and a Supplemental Resolution adopted by the Issuer on July 8, 2014 (collectively the "Ordinance"), authorizing the issuance of the Issuer's Water Revenue Bonds, Series 2014 A (United States Department of Agriculture), in the aggregate principal amount of \$538,000, dated July 25, 2014, and Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund), in the aggregate principal amount of \$290,000, dated July 25, 2014 and agrees to serve as Depository Bank, all as set forth in the Ordinance.

WITNESS my signature on this 25th day of July, 2014.

WEST UNION BANK



Authorized Officer

WV MUNICIPAL BOND COMMISSION

900 Pennsylvania Ave, Suite 900
Charleston, WV 25302
(304) 558-3971

3.13(A)

NEW ISSUE REPORT FORM

Date of Report: July 25, 2014

ISSUE: Town of Harrisville Water Revenue Bonds, Series 2014 A (United States Department of Agriculture)
 ADDRESS: 1501 East Main Street, P.O. Box 243, Harrisville, WV 26362-0243 COUNTY: Ritchie
 PURPOSE OF ISSUE: New Money X
 Refunding _____ Refunds issue(s) dated: _____
 ISSUE DATE: July 25, 2014 CLOSING DATE: July 25, 2014
 ISSUE AMOUNT: \$ 538,000 RATE: 2.75%
 1st DEBT SERVICE DUE: N/A 1st PRINCIPAL DUE: N/A
 1st DEBT SERVICE AMOUNT: N/A PAYING AGENT: None (Town pays USDA directly)

BOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: _____
 Contact Person: Samme L. Gee, Esquire Contact Person: _____
 Phone: (304) 340-1318 Phone: _____
 CLOSING BANK: West Union Bank ESCROW TRUSTEE: _____
 Contact Person: Mari Keller Contact Person: _____
 Phone: (304) 643-2265 Phone: _____
 KNOWLEDGEABLE ISSUER CONTACT: OTHER: USDA, Rural Utilities Service
 Contact Person: Ronda Kay White Contact Person: Virginia McDonald
 Position: Recorder Function: Rural Development Specialist
 Phone: (304) 643-2719 Phone: (304) 372-6231 ext. 4
 E-Mail: tohwv@zoominternet.net

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____
 _____ Capitalized Interest: \$ _____
 By _____ Wire _____ Reserve Account: \$ _____
 _____ Check _____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
 By _____ Wire _____ To Escrow Trustee: \$ _____
 _____ Check _____ To Issuer: \$ _____
 _____ IGT _____ To Cons. Invest. Fund \$ _____
 _____ To Other: _____ \$ _____

NOTES: The Bond Commission will only hold the Series 2014 A Bonds Reserve Account to be funded over 10 years. The Issuer will make debt service payments to USDA directly.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
 Documents Required: _____
 Transfers Required: _____

WEST VIRGINIA MUNICIPAL BOND COMMISSION

900 Pennsylvania Ave, Suite 900

Charleston, WV 25302

(304) 558-3971

3.13(B)

NEW ISSUE REPORT FORMDate of Report: July 25, 2014ISSUE: Town of Harrisville Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund)ADDRESS: 1501 East Main Street, P.O. Box 243, Harrisville, WV 26362-0243 COUNTY: RitchiePURPOSE OF ISSUE: New Money Refunding Refunds issue(s) dated: _____ISSUE DATE: July 25, 2014 CLOSING DATE: July 25, 2014ISSUE AMOUNT: \$290,000 RATE: 1 %1st DEBT SERVICE DUE: December 1, 2015 1st PRINCIPAL DUE: December 1, 20151st DEBT SERVICE AMOUNT: \$2259.00 PAYING AGENT: Municipal Bond CommissionBOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: Kauffelt & KauffeltContact Person: Samme L. Gee, Esquire Contact Person: Mark Kauffelt, Esq.Phone: (304) 340-1318 Phone: (304) 345-1272CLOSING BANK: West Union Bank ESCROW TRUSTEE: _____Contact Person: Mari Keller Contact Person: _____Phone: (304) 643-2265 Phone: _____KNOWLEDGEABLE ISSUER CONTACT: OTHER: WV Infrastructure & Jobs Development CouncilContact Person: Ronda Kay White Contact Person: Jim EllarsPosition: Recorder Function: Executive DirectorPhone: (304) 643-2719 Phone: (304) 414-6501, ext. 106E-Mail: tohvw@zoominternet.net

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____

Capitalized Interest: \$ _____

By Wire _____ Reserve Account: \$ _____ Check _____ Other: _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____ To Escrow Trustee: \$ _____

_____ Check _____ To Issuer: \$ _____

_____ IGT _____ To Cons. Invest. Fund \$ _____

_____ To Other: \$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

350 CAPITOL STREET, ROOM 313

CHARLESTON, WV 25301-3713

Telephone (304) 558-2981

PERMIT

SEP 16 2013

(Water)

PROJECT: Chevaux de Frise Road Water Extension

PERMIT NO.: 19,319

LOCATION: Harrisville

COUNTY: Ritchie

DATE: 9-12-2013

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Town of Harrisville
P. O. Box 243
Harrisville, West Virginia 26362

is hereby granted approval to: install approximately 31,364 LF of 6", 6,848 LF of 4" and 1,640 LF of 2" water line; one (1) 2 1/4" PRV station; one (1) 25 GPM duplex constant pressure booster station; and all necessary valves, controls and appurtenances.

Facilities are to serve 34 new customers along Chevaux de Frise Road and Bunnell Run Road in the Town of Harrisville.

Note: This permit is contingent upon all new water line being disinfected, flushed and bacteriologically tested, prior to use.

The Environmental Engineering Division of the OEHS-Wheeling District Office, (304) 238-1145, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

Signature of William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:srs
pc: Cerrone Associates, Inc.
Ingrid Ferrell, PSC-Engineering Division
Ritchie County Health Department
OEHS-EED Wheeling District Office

RECEIVED
SEP 16 2013 9:19 AM
OFFICE OF ENVIRONMENTAL HEALTH SERVICES



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

7/16/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Bill Bailey Insurance Agency 701 Highland Avenue P. O. Box 246 Williamstown WV 26187	CONTACT NAME: Renee Shotwell PHONE (A/C, No. Ext): (304) 375-4900 FAX (A/C, No): (304) 375-2162 E-MAIL ADDRESS: rshotwell@bb-ins.com	
	INSURER(S) AFFORDING COVERAGE	
INSURED Town of Harrisville 1501 E. Main Street PO Box 243 Harrisville WV 26362	INSURER A: American Alternative Insurance	
	INSURER B: BrickStreet Insurance Company	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** CL1471601248 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY			GPPA-PF-6052216-03	8/27/2013	8/27/2014	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COM/OP AGG \$ 3,000,000
A	AUTOMOBILE LIABILITY			GPPA-PF-6052216-03	8/27/2013	8/27/2014	COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	UMBRELLA LIAB			GPPA-PF-6052216-03	8/27/2013	8/27/2014	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						CLAIMS-MADE AGGREGATE \$ 1,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			WCB1005244	7/1/2014	7/1/2015	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				E.L. EACH ACCIDENT \$ 100,000 E.L. DISEASE - EA EMPLOYEE \$ 100,000 E.L. DISEASE - POLICY LIMIT \$ 500,000
A	Crime - Employee Theft			GPPA-PF-6052216-03	08/27/2013	08/27/2014	\$1,000,000 PER LOSS \$2,500 DED

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER **CANCELLATION**

West Virginia Water Development Authority 1009 Bullitt Street Charleston, WV 25301	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE W. M Bailey
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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
7/11/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

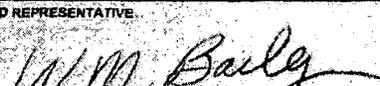
PRODUCER: Bill Bailey Insurance Agency 701 Highland Avenue P. O. Box 246 Williamstown WV 26187		CONTACT NAME: PHONE (A/C No. Ext): 304.375.4900 FAX (A/C No.): 304.375.2162 E-MAIL ADDRESS: PRODUCER CUSTOMER ID #:	
INSURED: Town of Harrisville 1501 E. Main Street PO Box 243 Harrisville, WV 26362		INSURER(S) AFFORDING COVERAGE INSURER A: American Alternative Insurance INSURER B: BrickStreet Insurance Company INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES CERTIFICATE NUMBER: USDA Rural Development REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR	WVD	POLICY NUMBER	POLICY EFF. (MM/DD/YYYY)	POLICY EXP. (MM/DD/YYYY)	LIMITS								
A	GENERAL LIABILITY			GPPA-PF-6052216-03	08/27/2013	08/27/2014	EACH OCCURRENCE \$ 1,000,000								
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000								
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 10,000								
	GENL AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$ 1,000,000								
	<input checked="" type="checkbox"/> POLICY	<input type="checkbox"/> PRO	<input type="checkbox"/> JECT				GENERAL AGGREGATE \$ 1,000,000								
	<input type="checkbox"/> LOC						PRODUCTS - COMP/OP AGG \$ 1,000,000								
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$								
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$								
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident) \$								
	<input type="checkbox"/> SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident) \$								
	<input type="checkbox"/> HIRED AUTOS						\$								
	<input type="checkbox"/> NON-OWNED AUTOS						\$								
	UMBRELLA LIAB						EACH OCCURRENCE \$								
	<input type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> OCCUR					AGGREGATE \$								
	<input type="checkbox"/> CLAIMS-MADE						\$								
	DEDUCTIBLE						\$								
A	RETENTION \$						\$								
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			WCB1005244	07/01/2014	07/01/2015	<table border="1"> <tr> <td>W/C STATUTORY LIMITS</td> <td>OTHER</td> </tr> <tr> <td>E.L. EACH ACCIDENT \$ 100,000</td> <td></td> </tr> <tr> <td>E.L. DISEASE - EA EMPLOYEE \$ 100,000</td> <td></td> </tr> <tr> <td>E.L. DISEASE - POLICY LIMIT \$ 500,000</td> <td></td> </tr> </table>	W/C STATUTORY LIMITS	OTHER	E.L. EACH ACCIDENT \$ 100,000		E.L. DISEASE - EA EMPLOYEE \$ 100,000		E.L. DISEASE - POLICY LIMIT \$ 500,000	
W/C STATUTORY LIMITS	OTHER														
E.L. EACH ACCIDENT \$ 100,000															
E.L. DISEASE - EA EMPLOYEE \$ 100,000															
E.L. DISEASE - POLICY LIMIT \$ 500,000															
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N													
	If yes, describe under DESCRIPTION OF OPERATIONS below														
A	Crime - Employee Theft			GPPA-PF-6052216-03	08/27/2013	08/27/2014	\$1,000,000 Per Loss \$2,500 Deduct. Per Loss								

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES. (Attach ACORD 104, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER USDA Rural Development 2118 Ripley Road Ripley, WV 25271	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE: 
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Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

THIS AGREEMENT dated July 25, 2014, between

Town of Harrisville

a public corporation organized and operating under

Chapter 8 Article 19, West Virginia Code

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under its jurisdiction at an estimated cost of \$ 1,505,300.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 1,100,000 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 1,100,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 405,300 or 26.92 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 26.92 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by ordinance and effective for all bills rendered on and after March 28, 2012, and as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

The entire water distribution system owned by the Town of Harrisville consisting of waterlines, storage tanks, booster stations, and all related facilities located in Ritchie County, West Virginia and including eight miles of 6, 4, and 2 inch pipeline and necessary appurtenances to extend water service to approximately 34 new customers in the areas of Chevaux de Frise Road and Bunnell Run..

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/1997]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 405,300 which it will advance to Grantee to meet not to exceed 26.92 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Mayor

attested and its corporate seal affixed by its duly authorized

Recorder

Attest:

By Alan R. Haught
(Title) Mayor *Alan R. Haught*

By Ronda K. White
(Title) Recorder *Ronda K. White*

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By Jurgina McDonald Area Specialist
(Title) *Jurgina McDonald*

IC-2
(03/11)

GRANT AGREEMENT
(2012W-1333)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), at the direction of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the TOWN OF HARRISVILLE (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$272,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Authority and the Governmental Agency hereby agree as follows:

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources. The Project budget shall not be amended unless the Governmental Agency has received the prior written consent of the Council.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority. Unless agreed to by the Council prior to the commencement of construction, the Grant shall be the last dollars expended on the Project.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit B, unless the Council and Authority are provided replacement instructions in writing.

6. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

8. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

9. This Grant Agreement shall be governed by the laws of the State of West Virginia.

IN WITNESS WHEREOF, the parties hereto have caused this Grant Agreement to be executed by the respective duly authorized officers as of the date executed below by the Authority.

TOWN OF HARRISVILLE

By: 
Its: Mayor
Date: July 25, 2014

(SEAL)

Attest: 
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: 
Its: Executive Director
Date: July 25, 2014

(SEAL)

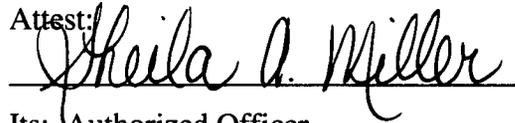
Attest: 
Its: Authorized Officer

Exhibit A

Project Description

The Project consists of construction and acquisition of waterlines to provide service to new customers in the Chevaux de Frise area, and all necessary appurtenances thereto.

Number of Proposed New Customers to Be Served: 34

Location: Chevaux de Frise area of Ritchie County, West Virginia

[TO BE PLACED ON LETTERHEAD]

Exhibit B

Wiring Instructions

Town of Harrisville

**Town of Harrisville
Water Revenue Bonds, Series 2014 A
(United States Department of Agriculture)
Water Revenue Bonds, Series 2014 B
(West Virginia Infrastructure Fund)**

Payor: West Virginia Infrastructure & Jobs Development Council
Source: Grant Proceeds
Amount: \$ _____
Date: _____
Form: Electronic Funds Transfer
Payee: Town of Harrisville
1501 East Main St., P.O. Box 243, Harrisville, WV 26362-0243
Contact Name: Ronda White
Telephone: (304) 643-2719
Bank Name: West Union Bank
Bank Street Address: 201 East Main Street, Harrisville, WV 26362
Bank Contact: Mari Keller
Telephone: (304) 643-2265
ABA: _____
Account #: _____
Account: Series 2014 Bonds Construction Trust Fund

JUN 05 2001

MAY 17 2001

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 18th day of May, 2001

19 between the Hughes River Water Board

P.O. Box 243, Harrisville, WV 26362-0243
(Address)

hereinafter referred to as the "Seller" and the Town of Harrisville

P.O. Box 243, Harrisville, WV 26362-0243
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 8, Article 19 of the Code of West Virginia, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by resolution No. - enacted on the 14th day of May, 2001, 19 , by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Hughes River Water Board was approved, and the execution of this contract carrying out the said resolution by the Vice President, Wesley Merritt, and attested by the Secretary, was duly authorized, and

Whereas, by resolution of the Harrisville Town Council of the Purchaser, enacted on the 16th day of May, 2001, 19 , the purchase of water from the Seller in accordance with the terms set forth in the said resolution was approved, and the execution of this contract by the Mayor, Alan R. Haught, and attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the State and
Federal Laws, Regulations and Guidelines

in such quantity as may be required by the Purchaser not to exceed N/A gallons per month.

This form of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the collection of information, reviewing and reporting the collection of information, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Office, STOP 2002, 1400 Independence Avenue, NW, Washington, DC 20250-2002. Please DO NOT RETURN this form to this address. Forward to the local USDA office in which you received this form or to the regional information address if designated.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at not less than 20 p.s.i. from an existing 6" and 8" inch main supply at a point located

the Water Tank

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate.

The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the three (3) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on

once a month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 25th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 30th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ _____ for the first _____ gallons, which amount shall also be the minimum rate per month.
- b. \$ _____ cents per 1000 gallons for water in excess of _____ gallons but less than _____ gallons.
- c. \$ _____ cents per 1000 gallons for water in excess of _____ gallons.

The interim wholesale rate of two dollars and sixth two cents (\$2.62) per 1000 gallons of water. At the time Pennsboro and Cairo go on-line the lower rate of one dollar and fifty seven cents (\$1/57) per 1000 gallons will go into effect. (This is anticipated for the fall of 2001)

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of N/A dollars which shall cover any and all costs of the Seller for installation of the metering equipment and _____

C. It is further mutually agreed between Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 7-10 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction.

irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ N/A which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one (1) year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through Rural Development of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three (3) counterparts, each of which shall constitute an original.

Seller:

Hughes River Water Board
By Wesley S. Merritt
Wesley S. Merritt
Title Vice President

Attest:

Donna Rae Mullenix
Acting Secretary
Donna Rae Mullenix

Purchaser:

Town of Harrisville
By Alan R. Haught
Alan R. Haught
Title Mayor

Attest:

Donna Rae Mullenix
Secretary Recorder
Donna Rae Mullenix Secretary Recorder

This contract is approved on behalf of Rural Development this 13th day of August

~~XX~~ 2007 .

By Randy B. Plum
Randy B. Plum
Title Acting State Director

CLOSING MEMORANDUM

To: Ronda K. White
Virginia McDonald
Jim Ellars

From: Samme Gee

Date: July 25, 2014

Re: Town of Harrisville Water Revenue Bonds, Series 2014 A
(United States Department of Agriculture)
Water Revenue Bonds, Series 2014 B
(West Virginia Infrastructure Fund)
Project # 2012W-1333

1. DISBURSEMENTS TO TOWN

A. Payor: United States Department of Agriculture
Source: Series 2014 A Bonds Proceeds
Amount: \$54,843.00
Date: July 25, 2014
Form: Electronic Funds Transfer
Payee: Town of Harrisville
Address: 1501 East Main Street
P.O. Box 243
Harrisville, WV 26362-0243
Bank: West Union Bank
201 East Main Street
Harrisville, WV 26362
ABA: 051502159
Account #: 1047900
Contact: Mari Keller (304) 643-2265
Account: Series 2014 Bonds Construction Trust Fund

2. DISBURSEMENTS TO TOWN

A. Payor: West Virginia Infrastructure and Jobs Development Council
Source: Series 2014 B Bonds Proceeds
Amount: \$86,625.25
Date: July 25, 2014
Form: Electronic Funds Transfer
Payee: Town of Harrisville

Address: 1501 East Main Street
P.O. Box 243
Harrisville, WV 26362-0243

Bank: West Union Bank
201 East Main Street
Harrisville, WV 26362

ABA: 051502159
Account #: 1047900
Contact: Mari Keller (304) 643-2265
Account: Series 2014 Bonds Construction Trust Fund

SWEEP RESOLUTION

WHEREAS, the Town of Harrisville (the “Issuer”) is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the “Bonds”);

WHEREAS, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the “MBC”) which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

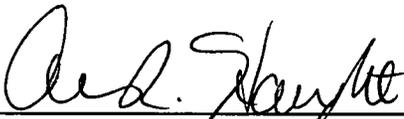
WHEREAS, PURSUANT TO Chapter 13, Article 3, Section 5a, the MBC has established fees for its services (the “MBC Fee”);

WHEREAS, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer’s account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

- 1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, along with the MBC Fee, shall be made to the MBC by electronic transfer by the State Treasurer form the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.
- 2) Alan R. Haught and Ronda K. White are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.
- 3) This resolution shall be effective immediately upon adoption.

Adopted this 8th day of July, 2014.



(Authorized Officer)

**RESOLUTION OF THE TOWN OF HARRISVILLE APPROVING INVOICES
RELATING TO THE ACQUISITION AND CONSTRUCTION OF CERTAIN
PUBLIC WATERWORKS FACILITIES OF THE TOWN AND
AUTHORIZING PAYMENT THEREOF**

WHEREAS, the Town of Harrisville (the "Town") has reviewed the invoices attached hereto and incorporated herein by reference relating to the completion of extensions, additions, betterments and improvements to the public waterworks facilities of the Town to be financed in part by the proceeds of the District's Water Revenue Bonds, Series 2014 A (United States Department of Agriculture); Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund); and by other sources, and finds as follows:

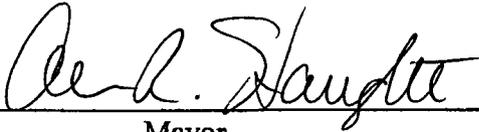
- (A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
- (C) That each of such costs has been otherwise properly incurred; and
- (D) That payment for each of the items proposed is now due and owing.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HARRISVILLE AS FOLLOWS:

There is hereby authorized and directed the payment of the attached invoices as summarized as follows:

VENDOR	TOTAL	USDA	WVIF
Jackson Kelly PLLC (Bond Counsel)	\$20,000.00	\$13,250.00	\$6,750.00
Cerrone Associates, Inc. (Engineering, Design, Special Services)	\$85,600.00	\$12,850.00	\$72,750.00
Cerrone Associates, Inc. (Engineering Design Interest)	\$6,108.00	\$6,108.00	--
Mid-Ohio Valley Regional Council (Administration)	\$5,560.46	--	\$5,560.46
United Bank, Inc. (Registrar)	\$500.00	--	\$500.00
Bassett & Lowe CPAs (Accounting)	\$5,165.00	\$5,165.00	--
Ira M. Haught (Legal)	\$16,000.00	\$16,000.00	--
Town of Harrisville (Reimbursement of Administration Costs)	\$1,064.79	--	\$1,064.79
Town of Harrisville (Reimbursement for Permits)	\$1,470.00	\$1,470.00	--
TOTAL	\$141,468.25	\$54,843.00	\$86,625.25

Adopted by the Town Council of the Town of Harrisville at a meeting held on the 8th day of July, 2014.



Mayor

[SEAL]



Recorder

INVOICE

EMPLOYER I.D. NO. 550394215

July 25, 2014

4812/309

Town of Harrisville
PO Box 243
Harrisville, WV 26362-0243
ATTN: The Honorable Alan R. Haught, Mayor

Re: Town of Harrisville
Water Revenue Bonds, Series 2014 A (United States Department of Agriculture)
Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund)

For legal fees and expenses rendered serving as bond counsel for
the above-referenced transaction.

FEES & EXPENSES: \$20,000.00

TOTAL STATEMENT: \$20,000.00

Wiring Instructions:

Jackson Kelly PLLC
1600 Laidley Tower
500 Lee Street
PO Box 553
Charleston, WV 25301

FJDC 6,750
USIA 13,250

Bank Name Branch Banking & Trust
ABA Number 051503394
Account Number 5172879588
Reference Information: 4812/309



I N V O I C E

Date: June 25, 2014

To: Town of Harrisville
1501 East Main Street
Harrisville, WV 26362-0243
Attn: Alan R. Haught, Mayor

Re: Town of Harrisville
Water Revenue Bonds
Series 2014 B
(West Virginia Infrastructure Fund)

Amount Due: \$ 500.00

Acceptance Fee \$ 500.00

Please remit to United Bank
Corporate Trust Department
P. O. Box 393
Charleston, WV

Cerrone Associates, Inc.
 401 Main Street
 Wheeling, WV 26003
 Phone: 304.232-5550
 Fax: 304.233.2512
 E-mail: mail@cerrone1.com



CERRONE
 Associates • Consulting Engineers

Harrisville, Town of
 P. O. Box 243
 Harrisville, WV 26362-0243
 Alan Haught

Invoice number HA40-10W-01
 Date 10/21/2013

Project HA40-10W HARRISVILLE, TOWN OF -
 CHEVAUX DE FRISE ROAD WATER

Completion of Design Services per Agreement Dated August 6, 2012
 Health Department Permit Approval September 12, 2013

	<u>Amount</u>	
Study and Report		
Contract Amount	10,000.00	
Percent Complete	100.00	
Prior Billed	0.00	
Total Billed	10,000.00	
Remaining	0.00	
	Current Billed	10,000.00
		IJD
Preliminary Design		
Contract Amount	24,600.00	
Percent Complete	100.00	
Prior Billed	0.00	
Total Billed	24,600.00	
Remaining	0.00	
	Current Billed	24,600.00
		IJD
Design		
Contract Amount	32,800.00	
Percent Complete	100.00	
Prior Billed	0.00	
Total Billed	32,800.00	
Remaining	0.00	
	Current Billed	32,800.00
		IJD
	Total	<u>67,400.00</u>

Additional Services

	<u>Hours</u>	<u>Rate</u>	<u>Billed Amount</u>
108 Site Survey/Plat			
Land Surveyor	2.25	95.00	213.75
Field Surveyor I	7.50	80.00	600.00
122 Customer Signup			
Land Surveyor	1.75	95.00	166.25
Technical Assistant I	4.00	75.00	300.00

Cerrone Associates, Inc.
 401 Main Street
 Wheeling, WV 26003
 Phone: 304.232-5550
 Fax: 304.233.2512
 E-mail: mail@cerrone1.com



CERRONE
 Associates • Consulting Engineers

INVOICE HA40-10W-02

July 1, 2014

Town of Harrisville
 P.O. Box 243
 Harrisville, WV 26362-0243

Professional Engineering services relating to the planning, design, bid assistance, construction administration, resident project representation and other professional engineering service relating the water system extensions to the Chevaux de Fiae area of Ritchie County per the Agreement for Professional Services dated August 6, 2012 and Addenda.

Engineering Services:

Study and Report		\$10,000.00	
Design Fees:			
Preliminary Design		24,800.00	
Final Design		32,800.00	
Bidding/Award of Construction Contracts:		<u>6,200.00</u>	
Subtotal		75,800.00	
Less: Previously Billed		<u>87,400.00</u>	8,200.00
Construction Phase Services:			
Total fee of \$12,300.00 billed as a percentage of construction completed.			
\$12,300.00	X	0.0000 =	\$0.00
Less: Previously Billed			<u>0.00</u>
			0.00
Post Construction Phase Services:			
Total Fee of \$4,100.00 billed upon completion of construction			
\$4,100.00	X	0 =	0.00
TOTAL BASIC SERVICES			<u>\$8,200.00</u>

Additional Services: through 5/28/14

<u>Property & Site Surveys</u>			
Land Surveyor	3.25 Hrs @	95.00 =	308.75
Technical Assistant I	7.5 Hrs @	80.00 =	600.00
Expenses - Subcontractor			<u>4,542.50</u>
			5,451.25
<u>Easement Negotiations</u>			
Easements	34 Ea @	125.00 =	4,250.00
<u>Customer Signups</u>			
Land Surveyor	1.75 Hrs @	95.00 =	168.25
Technical Assistant I	4 Hrs @	75.00 =	300.00
Miles	218 MI @	0.59 =	<u>128.62</u>
			594.87

TOTAL ADDITIONAL SERVICES	\$10,288.12
Hold Billing to Not-to-Exceed	\$10,000.00
Less: Previously Billed	<u>5,951.12</u>

5350 - ISDC
 2850 - USDA

4,046.88 USDA

AMOUNT DUE

12,246.88

Cerrone Associates, Inc.
401 Main Street
Wheeling, WV 26003
Phone: 304.232-5550
Fax: 304.233.2512
E-mail: mail@cerrone1.com



CERRONE
Associates • Consulting Engineers

INVOICE

HA40-10W-03

July 23, 2014

Town of Harrisville
P.O. Box 243
Harrisville, West Virginia 26362-0243

Interest Charges per Agreement dated August 6, 2012.

Calculation of Interest Charges:

Article 4 of the Agreement establishes a 1% monthly rate for unpaid balances. Charges for interest begin to accrue 30 days after the invoice was sent to the Owner.

Date of Design Invoice: October 21, 2013
Interest Accrual Begins: November 21, 2013
8 Months: 11/21/13 through 7/23/14

Amount of Design Invoice from October 21, 2014: \$76,351.12

Interest Calculation = \$76,351.12 X 1% = \$763.51 X 8 Months = \$6,108.00

Amount Due: \$6,108.00

USDA





Harrisville, Town of

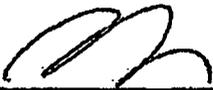
Project HA40-10W HARRISVILLE, TOWN OF - CHEVAUX DE FRISE ROAD WATER

Invoice number HA40-10W-01
Date 10/21/2013

Additional Services

	Units	Rate	Billed Amount	
Miles	218.00	0.59	128.62	
204 Engineer Consultants	1.00	4,542.50	4,542.50	
Additional Services subtotal			5,951.12	USDA

Invoice total **73,351.12**

Project Engineer's Signature: 



Invoice

BASSETT & LOWE

Certified Public Accountants
1156 South Main Street
Milton, WV 25541

Phone: (304) 743-5573

Toll Free: 1-800-720-9629

Fax: (304) 743-1150

e-mail: rbassett@bassettlowe.com

e-mail: rlowe@bassettlowe.com

Bill To
Harrisville, Town of P.O. Box 243 Harrisville, WV 26362

Invoice #: 2628

Date: 7/5/2012

Billed thru: 07/05/12

Due Date: Due upon receipt

Project: Water - Chevaux de Frise

Description	Hours	Rate	Amount
Services to date related to preparation of Rule 42 exhibit and IJDC application for the Chevaux de Frise Water Extension Project based on 6/30/11 year end.		2,120.00	2,120.00

Thank you for the opportunity to be of service.

Total

\$2,120.00


Pursuant to the Gramm-Leach-Bliley Act of 1999, as your CPA, we are required to advise you that the confidential, no-public information that we possess of yours remains private and that we will not disclose it unless so advised to do so by you.

USDA

Invoice

BASSETT & LOWE

Certified Public Accountants
 1156 South Main Street
 Milton, WV 25541
 Phone: (304) 743-5573
 Toll Free: 1-800-720-9629
 Fax: (304) 743-1150
 e-mail: rlowe@bassettlowe.com

Bill to
Harrisville, Town of P.O. Box 243 Harrisville, WV 26362

Invoice #: 3684
 Date: 1/22/2014
 Billed thru: 01/21/2014
 Due Date: Due upon receipt

Project: Chevaux De Frise Project

Finance charges are computed on balances over 30 days old at a periodic rate of 1.5% per month, which is an annual percentage rate of 18%.

Description	Hours	Rate	Amount
Services from 7/5/12 through 1/21/14 for preparation of Rule 42 exhibit based on 6/30/13 fiscal year, including processing of client data, conference calls with project team, and with Rhonda White and Cerrone & Associates.	5.25	80.00	420.00
	18.75	140.00	2,625.00
Thank you for the opportunity to be of service.			

Total \$3,045.00

RL
 Pursuant to the Gramm-Leach-Bliley Act of 1999, as your CPA, we are required to advise you that the confidential, no-public information that we possess of yours remains private and that we will not disclose it unless so advised to do so by you.

WSDA

Regional Council
MOVRC
 Mid-Ohio Valley Regional Council

Invoice	INV00000000000984
Date	12/31/2013
Page	1

P.O. Box 247 • 531 Market Street • Parkersburg WV 26101
 Phone: (304) 422-4993 • Fax: (304) 422-4998
www.movrc.org

Bill To:

TOWN OF HARRISVILLE
 1501 E MAIN ST
 HARRISVILLE WV 26362

Ship To:

TOWN OF HARRISVILLE
 1501 E MAIN ST
 HARRISVILLE WV 26362

Purchase Order No.	Customer ID	Salesperson ID	Shipping Method	Payment Terms	Req. Ship Date	Master No.	
CHEVAUXDEFRISE#1	TOWN04			Net 30	12/31/2013	0	
Ordered	Shipped	B/O	Item Number	Description	Discount	Unit Price	Ext. Price
1	1	0	LABOR	LABOR TOWN OF HARRISVILLE CHEVAUX DE FRISE WATER EXTENSION ADMINISTRATIVE SERVICES DEC 2013	\$0.00	\$1,029.84	\$1,029.84

BOB LEACH 304 4224993 EXT 105

Subtotal	\$1,029.84
Misc	\$0.00
Tax	\$0.00
Freight	\$0.00
Trade Discount	\$0.00
Total	\$1,029.84

Regional Council
MOVRC
 Mid-Ohio Valley Regional Council

Invoice	INV0000000000987
Date	1/31/2014
Page	1

P.O. Box 247 • 531 Market Street • Parkersburg WV 26101
 Phone: (304) 422-4993 • Fax: (304) 422-4998
www.movrc.org

Bill To:

TOWN OF HARRISVILLE
 1501 E MAIN ST
 HARRISVILLE WV 26362

Ship To:

TOWN OF HARRISVILLE
 1501 E MAIN ST
 HARRISVILLE WV 26362

Purchase Order No.	Customer ID	Salesperson ID	Shipping Method	Payment Terms	Req Ship Date	Master No.	
CHEVAUXDEFRISE#2	TOWN04			Net 30	1/31/2014	0	
Ordered	Shipped	B/O	Item Number	Description	Discount	Unit Price	Ext Price
1	1	0	LABOR	LABOR TOWN OF HARRISVILLE CHEVAUX DE FRISE WATER EXTENSION ADMINISTRATION SERVICES JAN 2014	\$0.00	\$219.25	\$219.25

BOB LEACH 304 4224993 EXT 105

Subtotal	\$219.25
Misc	\$0.00
Tax	\$0.00
Freight	\$0.00
Trade Discount	\$0.00
Total	\$219.25

Regional Council

MOVRC

Mid-Ohio Valley Regional Council

Invoice#	INV0000000001001
Date	2/28/2014
Page	1

P.O. Box 247 • 531 Market Street • Parkersburg WV 26101
 Phone: (304) 422-4993 • Fax: (304) 422-4998

www.movrc.org

Bill To:

Ship To:

TOWN OF HARRISVILLE
 1501 E MAIN ST
 HARRISVILLE WV 26362

TOWN OF HARRISVILLE
 1501 E MAIN ST
 HARRISVILLE WV 26362

Purchase Order No.	Customer ID	Salesperson ID	Shipping Method	Payment Terms	Req Ship Date	Master No.	
CHEVAUXDEFRISE#3	TOWN04			Net 30	2/28/2014	0	
Ordered	Shipped	E/O	Item Number	Description	Discount	Unit Price	Ext Price
1	1	0	LABOR	LABOR TOWN OF HARRISVILLE CHEVAUX DE FRISE WATER EXTENSION ADMINISTRATIVE SERVICES FEB 2014	\$0.00	\$1,756.47	\$1,756.47

BOB LEACH 304 4224993 EXT 105

Subtotal	\$1,756.47
Misc	\$0.00
Tax	\$0.00
Freight	\$0.00
Trade Discount	\$0.00
Total	\$1,756.47

Calhoun • Jackson • Pleasants • Ritchie • Roane • Tyler • Wirt • Wood

Regional Council

MOVRC

Mid-Ohio Valley Regional Council

Invoice	INV0000000001008
Date	3/31/2014
Page	1

P.O. Box 247 • 531 Market Street • Parkersburg WV 26101
 Phone: (304) 422-4993 • Fax: (304) 422-4998
www.movrc.org

Bill To:

TOWN OF HARRISVILLE
 1501 E MAIN ST
 HARRISVILLE WV 26362

Ship To:

TOWN OF HARRISVILLE
 1501 E MAIN ST
 HARRISVILLE WV 26362

Purchase Order No.	Customer ID	Salesperson ID	Shipping Method	Payment Terms	Req Ship Date	Master No.	
CHEVAUXDEFRISE#4	TOWN04			Net 30	3/31/2014	0	
Order#	Shipped	B/O	Item Number	Description	Discount	Unit Price	Ext Price
1	1	0	LABOR	LABOR TOWN OF HARRISVILLE CHEVAUX DE FRISE WATER EXTENSION ADMINISTRATIVE SERVICES MAR 2014	\$0.00	\$1,266.34	\$1,266.34

BOB LEACH 304 4224993 EXT 105

Subtotal	\$1,266.34
Misc	\$0.00
Tax	\$0.00
Freight	\$0.00
Trade Discount	\$0.00
Total	\$1,266.34

Calhoun • Jackson • Pleasants • Ritchie • Roane • Tyler • Wirt • Wood

Regional Council

MOVRC

Mid-Ohio Valley Regional Council

Invoice	INV0000000001018
Date	4/30/2014
Page	1

P.O. Box 247 • 531 Market Street • Parkersburg WV 26101
Phone: (304) 422-4993 • Fax: (304) 422-4998

www.movrc.org

Bill To:

TOWN OF HARRISVILLE
1501 E MAIN ST
HARRISVILLE WV 26362

Ship To:

TOWN OF HARRISVILLE
1501 E MAIN ST
HARRISVILLE WV 26362

Purchase Order No.	Customer ID	Salesperson ID	Shipping Method	Payment Terms	Req Ship Date	Master No.	
CHEVAUXDEFRISE#5	TOWN04			Net 30	4/30/2014	0	
Ordered	Shipped	E/O	Item Number	Description	Discount	Unit Price	Ext Price
1	1	0	LABOR	LABOR TOWN OF HARRISVILLE CHEVAUX DE FRISE WATER EXTENSION ADMINISTRATIVE SERVICES APRIL 2014	\$0.00	\$873.75	\$873.75

BOB LEACH 304 4224993 EXT 105

Subtotal	\$873.75
Misc	\$0.00
Tax	\$0.00
Freight	\$0.00
Trade Discount	\$0.00
Total	\$873.75

Calhoun • Jackson • Pleasants • Ritchie • Roane • Tyler • Wirt • Wood

Regional Council

MOVRC

Mid-Ohio Valley Regional Council

Invoice#	INV0000000001023
Date	5/31/2014
Page	1

P.O. Box 247 • 531 Market Street • Parkersburg WV 26101
 Phone: (304) 422-4993 • Fax: (304) 422-4998
www.movrc.org

Bill To:

TOWN OF HARRISVILLE
 1501 E MAIN ST
 HARRISVILLE WV 26362

Ship To:

TOWN OF HARRISVILLE
 1501 E MAIN ST
 HARRISVILLE WV 26362

Purchase Order No.	Customer ID	Salesperson ID	Shipping Method	Payment Terms	Req. Ship Date	Master No.	
CHEVAUXDEFRISE#8	TOWN04			Net 30	5/31/2014	0	
Ordered	Shipped	B/O	Item Number	Description	Discount	Unit Price	Ext. Price
1	1	0	LABOR	LABOR TOWN OF HARRISVILLE CHEVAUX DE FRISE WATER EXTENSION ADMINISTRATIVE SERVICES MAY 2014	\$0.00	\$414.81	\$414.81

BOB LEACH 304 4224993 EXT 105

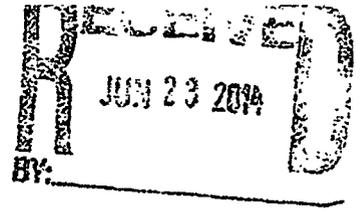
Subtotal	\$414.81
Misc	\$0.00
Tax	\$0.00
Freight	\$0.00
Trade Discount	\$0.00
Total	\$414.81

Calhoun • Jackson • Pleasants • Ritchie • Roane • Tyler • Wirt • Wood

IRA M. HAUGHT

210 E. MAIN STREET
HARRISVILLE, WEST VIRGINIA 26362

TEL: (304) 643-4186 FAX: (304) 643-2137



Town of Harrisville
P.O. Box 243
Harrisville, WV 26362-0243

Invoice No. 13-243.01

June 18, 2014

In Re: Chevaux de Frise Water Line Extension Project

Out of Court In Court

DATE	DESCRIPTION	TIME	TIME
06/18/14	Legal Research/ Preparation of Easements/ and Public Service Commission Case		

Total Hours Out of Court	<u>0.0</u>
Total Hours In Court	<u>0.0</u>

TOTAL AMOUNT DUE **\$16,000.00**
PLEASE REFER TO INVOICE NUMBER ON REMITTANCE

KSDA

Serving the Community Since 1873

Ritchie Gazette

By The Courier-Standard

200 E. MAIN STREET • P.O. Box 215
HARRISVILLE, WEST VIRGINIA 26362-0215

Date

Invoice #

5/12/2011

6629

Phone: 304-643-2221

"Published by and for Ritchie County People"

FAX: 304-643-2156

Town of Harrisville
P.O. Box 243
Harrisville, WV 26362

Invoice

Due Date

Account #

5/12/2011

01100042 000

Date:	Description:	Ad Size:	Cost Per Inch:	Total Inche...	Sub Total:
5/11/2011	Legal Advertisement	Total Words - 630; Request for Professional Engineering Services; May 4-11; Code: Water Fund	126.79		126.79

Total

\$126.79

Balance Due

\$126.79

JJDC

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF RITCHIE, to-wit:

I, Denise J. Duellley, being first duly sworn upon my oath, do depose and say that I am a member of Ritchie Gazette Publishing Limited Liability Company, publisher of the newspaper entitled **RITCHIE GAZETTE AND THE CAIRO STANDARD**, a Republican newspaper; that I have been duly authorized by the members of such company to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Harrisville, Ritchie County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality, county, and state; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for the current happenings, announcements, miscellaneous reading materials, advertisements, and other notices; that the annexed notice of:

REQUEST FOR PROFESSIONAL ENGINEERING SERVICES

(CIR2)

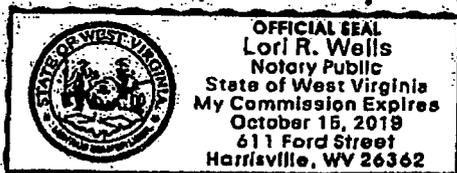
was duly published two weeks beginning with the 4TH DAY OF MAY, 2011, issue, and ending with the 11TH DAY OF MAY, 2011, issue, and that the cost of publishing said annexed notice was \$126.79.

1st Denise J. Duellley
Publisher, Ritchie Gazette & The Cairo Standard

Taken, subscribed and sworn to before me in my said county this 13 day of May, 2011.

Lori R. Wells
Notary Public of Ritchie County, West Virginia

My commission expires October 15, 2019



Sent items to
P.S.C per their
1st. request.

HARRISVILLE MPO
HARRISVILLE, West Virginia
263629998
5514560622 -0099
04/21/2014 (304)643-2201 01:29:22 PM

Product Description	Sales Receipt		Final Price
	Sale Qty	Unit Price	
Mailing Carton 20" x 14" x 10"	1	\$3.79	\$3.79
CHARLESTON WV 25323-0812			\$11.65
Zone-1 Priority Mail 1-Day By Weight 8 lb. 7.8 oz. Expected Delivery: Tue 04/22/14 Includes \$50 insurance			
Return Rpt (Green Card)			\$2.70
USPS Certified Mail #: 7013171000034314821			\$3.30
Issue PVI:			=====
			\$17.65
Total:			\$21.44

Paid by:
VISA \$21.44
Account #: XXXXXXXXXX8972
Approval #: 021821
Transaction #: 372
23 902835537

For tracking or inquiries go to
USPS.com or call 1-800-222-1811.

Save this receipt as evidence of
insurance. For information on filing an
insurance claim go to
usps.com/ship/file-domestic-claims.htm.

Order stamps at usps.com/shop or call
1-800-Stamp24. Go to usps.com/clicknship
to print shipping labels with postage. For
other information call 1-800-ASK-USPS.

Get your mail when and where you want it
with a secure Post Office Box. Sign up for
a box online at usps.com/poboxes.

Bill#: 1000100904621
Clerk: 03

All sales final on stamps and postage
Refunds for guaranteed services only
Thank you for your business

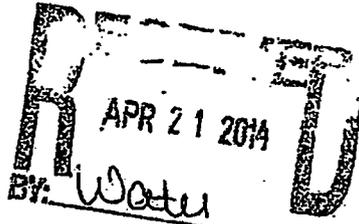
HELP US SERVE YOU BETTER

Go to: <https://postalexperience.com/Pos>

TELL US ABOUT YOUR RECENT
POSTAL EXPERIENCE

YOUR OPINION COUNTS

CUSTOMER CONV



Cherchez de finise
projet

IJDC

Serving the Community Since 1873

Ritchie Gazette

A THE CLARENCE STANDARD

200 E. MAIN STREET • P.O. Box 215
HARRISVILLE, WEST VIRGINIA 26362-0215

Date

Invoice #

5/15/2014

7475

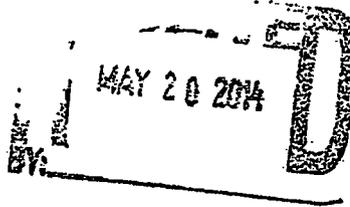
Phone: 304-643-2221

"Published by and for Ritchie County People"

FAX: 304-643-2156

Town of Harrisville
P.O. Box 243
Harrisville, WV 26362

Invoice



Due Date

Account #

5/15/2014

01100042 000

Date:	Description:	Ad Size:	Cost Per Inch:	Total Inche...	Sub Total:
5/14/2014	Legal Advertisement	Total Words - 903; Advertisement for Bids (Chevauxdefrise Waterline Extension); May 7-14	181.73		181.73

Total

\$181.73

Balance Due

\$181.73

IJDC

Strongly the Community Since 1873

Ritchie Gazette

200 E. MAIN STREET • P.O. Box 215
HARRISVILLE, WEST VIRGINIA 26362-0215

Phone: 304-643-2221

Published by and for Ritchie County People

FAX: 304-643-2136

Date	Invoice #
3/27/2014	7428

Town of Harrisville
P.O. Box 243
Harrisville, WV 26362

RECEIVED
APR 03 2014

Invoice

Due Date
3/27/2014

Account #
01100042 000

Date:	Description:	Ad Size:	Cost Per Inch:	Total Inche...	Sub Total:
3/26/2014	Legal Advertisement	Total Words - 798; Change in Rates; Code: Water; Mar. 19-26	160.60		160.60
3/26/2014	Legal Advertisement	Total Words - 4002; Chevaux de Frise; Code: Water; Mar. 26	460.23		460.23

Total	\$620.83
Balance Due	\$620.83

IJDC

Serving the Community Since 1873

Ritchie Gazette

of THE CARO STANDARD

*Cheroux
de
Juse*

200 E. MAIN STREET • P.O. Box 215
HARRISVILLE, WEST VIRGINIA 26362-0215

Phone: 304-643-2221

"Published by and for Ritchie County People"

FAX: 304-643-2158

To:
Town of Harrisville P.O. Box 243 Harrisville, WV 26362

Statement/Invoice

Statement Date:	6/30/2013
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STATEMENT PAYMENT DUE BY THE
15TH OF THE MONTH FOLLOWING
THE STATEMENT DATE.

Account #	01100042 000
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Additional Statement and Tearsheet Requests: \$3.00 Each

Amount Due:	\$114.00
-------------	----------

Date:	Description:	Ad Size:	Total Inches:	Cost Per Inch:	Sub Total:	Total:
05/31/2013	Balance forward					57.00
06/05/2013	3 X 4 Display Ad - Public Notice 1 of 2	3 X 4	12	4.75	57.00	114.00
06/06/2013	INV #7238.				175.09	289.09
06/12/2013	3 X 4 Display Ad - 2 of 2	3 X 4	12	4.75	57.00	346.09
06/30/2013	PMT #4122.				-57.00	289.09
06/30/2013	PMT #6038.				-175.09	114.00

CURRENT	1-30 DAYS PAST DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	Amount Due
114.00	0.00	0.00	0.00	0.00	\$114.00

7506

**TOWN OF HARRISVILLE
PUBLIC NOTIFICATION
NOTICE OF A FINDING OF NO SIGNIFICANT IMPACT**

The USDA Rural Development has received an application for financial assistance from the Town of Harrisville for a water expansion project. The proposal consists of extending water service to approximately 34 new customers in the Chevaux de Frise Road and Bunnell Run areas of Ritchie County, West Virginia. The proposed project includes approximately 7.5 miles of new waterline, including 27,500 feet of 6 inch, 7,500 feet of 4 inch and 3,500 feet of 2 inch, 3 new fire hydrants and a new pump station. The Town will continue to purchase water from Hughes River Water Board where the water source is the North Fork of Hughes River Watershed Dam.

As required by the National Environmental Policy Act, the Rural Development has assessed the potential environment effects of the proposed project and has determined that the proposal will not have a significant effect on human environment and for which an Environmental Impact Study will not be prepared. This determination is based on the extensive review process performed by USDA - Rural Development. This review included various federal and state agencies' concurrences.

Copies of the Environmental Assessment can be reviewed or obtained at the USDA - Rural Development, Ripley Area Office, 2118 Ripley Road, Ripley, WV 25271, or call 304-372-6231, Extension 4 or Cerrone Associates, Inc. at 304-232-5550.

	Applicant: HARRISVILLE, TOWN OF Reference ID: Cheveaux De Frise Water Extension (08/13/2013)	Type: New NPDES/State Storm Water Construction Permit ID: New/Pending Status: New
	Certification: Signature Page	Printed: Aug. 21, 2013 3:18 PM

PAID

AUG 30 2013

AUG 29 2013

BY COMPLETING AND SUBMITTING THIS APPLICATION, I HAVE REVIEWED AND UNDERSTAND AND AGREE TO THE TERMS AND CONDITIONS OF THE GENERAL PERMIT ISSUED ON DECEMBER 1, 2002. I UNDERSTAND THAT PROVISIONS OF THE PERMIT ARE ENFORCEABLE BY LAW. VIOLATION OF ANY TERM AND CONDITION OF THE GENERAL PERMIT AND/OR OTHER APPLICABLE LAW OR REGULATIONS CAN LEAD TO ENFORCEMENT ACTION.

I CERTIFY UNDER PENALTY OF LAW THAT I HAVE PERSONALLY EXAMINED AND AM FAMILIAR WITH THE INFORMATION SUBMITTED ON THIS FORM AND ALL ATTACHMENTS AND THAT, BASED ON MY INQUIRY OF THOSE INDIVIDUALS IMMEDIATELY RESPONSIBLE FOR OBTAINING THE INFORMATION, THE INFORMATION SUBMITTED IS, TO THE BEST OF MY KNOWLEDGE AND BELIEF, TRUE, ACCURATE, AND COMPLETE. I AM AWARE THAT THERE ARE SIGNIFICANT PENALTIES FOR SUBMITTING FALSE INFORMATION, INCLUDING THE POSSIBILITY OF FINE AND IMPRISONMENT.

OFFICIAL SIGNATURE: Alan R. Haught

Print Name: Alan R. Haught
 Print Title: Mayor
 Date: 8/15/2013

PRIOR TO FILING THIS APPLICATION, YOU MAY WISH TO OBTAIN A COPY OF THE LEGISLATIVE RULES OF THE DEPARTMENT OF ENVIRONMENTAL PROTECTION, TITLE 47, SERIES 26, WATER POLLUTION CONTROL PERMIT FEE SCHEDULE IN ORDER TO DETERMINE THE APPROPRIATE PERMIT APPLICATION FEE REQUIRED TO ACCOMPANY YOUR SUBMISSION OF THIS APPLICATION. YOU CAN OBTAIN A COPY OF THE REGULATION FROM THE SECRETARY OF STATE'S OFFICE, STATE CAPITOL BUILDING, CHARLESTON, WV 25305. HOWEVER, YOU MAY WISH TO USE THE TABLE FOUND IN ITEM V. OF THE ATTACHED INSTRUCTIONS. YOUR CHECK OR MONEY ORDER FOR THE APPROPRIATE APPLICATION FEE MUST BE MADE PAYABLE TO THE WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION.

ALL SPILLS OR ACCIDENTAL DISCHARGES ARE REQUIRED TO BE REPORTED IMMEDIATELY TO THE EMERGENCY RESPONSE SPILL ALERT SYSTEM TOLL FREE TELEPHONE NUMBER 1-800-642-3074. CALLS FROM OUT OF STATE SHOULD BE MADE TO 304-348-8899.

TOWN OF HARRISVILLE WATER WORKS

WV DEP- Division of Water Resources

8/29/2013

4194

Processing Fee for permit
Construction Storm Water W/ NPDES General Per

1,170.00

Permits
WSDA

Water Fund Checking Processing fee for permit

1,170.00

EW-100

06/2010

Office Use Only

Date Received _____
 Date Approved _____
 Approved by _____
 Permit Number _____

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bureau for Public Health
 Office of Environmental Health Services
 350 Capitol Street, Room 313
 Charleston, WV 25301-3713
 Phone: 304-558-2981 Fax: 304-558-0691

**PUBLIC WATER SUPPLY SYSTEM APPLICATION
 FOR A PERMIT TO CONSTRUCT, ALTER, OR RENOVATE**
 (Please Prepare in 4 Copies)

APPLICANT: Town of Harrisville
 STREET OR PO BOX: PO Box 243
 CITY: Harrisville STATE: WV ZIP: 26362
 TELEPHONE: 304-643-2719 E-MAIL: hmayor26362@yahoo.com
 ENGINEERING FIRM: Cerrone Associates, Inc.
 STREET OR PO BOX: 401 Main Street TELEPHONE: 304-232-5550

TOWN OF HARRISVILLE WATER WORKS

4187

- WVDHHR

8/21/2013

Processing fee for WV Bureau for Public Health per

300.00

*Permits
usDA*

Water Fund Checking Water ext. processing fee- for permits

300.00

4.1(A)

July 25, 2014

Town of Harrisville
Harrisville, West Virginia

United States Department of Agriculture
Rural Utilities Service
Parkersburg, West Virginia

Re: The Town of Harrisville Water Revenue Bonds, Series 2014 A
(United States Department of Agriculture)

Ladies and Gentlemen:

We have served as bond counsel to the Town of Harrisville (“the Issuer”), a municipal corporation, in connection with the issuance of its Water Revenue Bonds, Series 2014 A (United States Department of Agriculture), dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are issued in the principal amount of \$538,000, in the form of one bond, bearing interest from the date hereof, on the amount advanced thereunder, at the rate of 2.75% per annum.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the “Act”), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing waterworks system of the Issuer (the “Project”) and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly adopted by the Issuer on June 17, 2014, enacted and effective July 8, 2014, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 8, 2014 (collectively, the “Ordinance”), pursuant to and under which Act and Ordinance the Bonds are authorized and issued. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance when used herein.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and presently existing municipal corporation

and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with their terms thereof.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Government and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System and secured by a first lien on and pledge of the Gross Revenues of the System on a parity with the Prior Bonds and the Series 2014 B Bonds, all as defined in the Ordinance, all in accordance with the terms of the Bonds and the Ordinance.

4. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, county commission, political subdivision or agency thereof.

5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

No opinion is given herein as to the effect upon enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed and authenticated Bond numbered AR-1 and in our opinion, the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,



JACKSON KELLY PLLC



4.1(B)

July 25, 2014

Town of Harrisville
Harrisville, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Town of Harrisville Water Revenue Bonds, Series 2014 B
(West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as bond counsel to the Town of Harrisville (“the Issuer”), a municipal corporation, in connection with the issuance of its Water Revenue Bonds, Series 2014 B (West Virginia Infrastructure Fund), dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds, dated July 25, 2014, including all schedules and exhibits attached thereto (the “Loan Agreement”), by and between the Issuer and the West Virginia Water Development Authority (the “Authority”), on behalf of the West Virginia Infrastructure and Jobs Development Council (the “Council”), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of \$290,000, in the form of one bond, registered to the Authority, bearing interest at a rate of 1% per annum with payments of principal of and interest on to be made quarterly on March 1, June 1, September 1, and December 1 of each year, commencing December 1, 2015, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the “Act”), for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the “Project”); and (ii) paying certain costs of issuance and related costs.

{C2686926.1}

We have also examined the applicable provisions of the Act and a Bond Ordinance duly adopted by the Issuer on June 17, 2014 enacted and effective July 8, 2014, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 8, 2014 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement is entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance and in the Loan Agreement when used herein.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Use of Proceeds, dated as of the date hereof (the "Certificate as to Use of Proceeds"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.
3. The Loan Agreement inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.
4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

Town of Harrisville
West Virginia Infrastructure and Jobs Development Council
West Virginia Water Development Authority
July 25, 2014
Page 3

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Prior Bonds and Series 2014 A Bonds, as defined in the Ordinance, all in accordance with the terms of the Bonds and the Ordinance.

6. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

7. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

No opinion is given herein as to the effect upon enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed and authenticated Bond numbered BR-1 and in our opinion, the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,



JACKSON KELLY PLLC

**RODNEY C. WINDOM
WINDOM LAW OFFICES
101 EAST MAIN STREET
HARRISVILLE, WEST VIRGINIA 26362**

**TELEPHONE (304) 643-4440
FACSIMILE (304) 643-2947
rwindom@zoominternet.net**

July 25, 2014

Town of Harrisville
Harrisville, West Virginia

United States Department of Agriculture
Rural Utilities Service
Cross Lanes, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: Town of Harrisville Water Revenue Bonds, Series 2014 A
(United States Department of Agriculture)
Water Revenue Bonds, Series 2014 B
(West Virginia Infrastructure Fund)

Ladies and Gentlemen:

I am counsel to the Town of Harrisville in Ritchie County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), the Letter of Conditions dated August 2, 2013, and all amendments thereto, from the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), a Bond Ordinance duly adopted by the Issuer on June 17, 2014, enacted and effective July 8, 2014, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 8, 2014, (collectively, the "Ordinance"), a loan agreement, including all schedules and exhibits attached thereto (collectively, the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance when used herein.

I am of the opinion that:

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to enact the Ordinance, all under the Act and other applicable provisions of law.

2. The members and officers of the Council of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

3. The Ordinance has been duly adopted and enacted by the Issuer and is in full force and effect.

4. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

5. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Ordinance, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach or default under any ordinance, order, resolution, agreement or other document to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite permits, approvals, orders and certificates from the West Virginia Bureau for Public Health and the Public Service Commission of West Virginia (the "PSC"). The Issuer has taken all actions required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the Recommended Decision of the Administrative Law Judge entered on June 16, 2014, as made final by the PSC on July 6, 2014, in Case No. 14-0368-W-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such order has expired prior to the date hereof. Such orders remain in full force and effect.

Town of Harrisville
United States Department of Agriculture
Jackson Kelly PLLC
July 25, 2014
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7. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds and the Ordinance, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Gross Revenues for the payment of the Bonds.

8. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act and the Ordinance; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

9. The contractors have been required to provide affidavits from all contractors and subcontractors indicating that each contractor and subcontractor have a drug free workplace policy pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended. The contractor has submitted a plan to implement the drug free workplace policy prior to the awarding of the contract pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Sincerely yours,


Rodney C. Windom

RCW/

**RODNEY C. WINDOM
WINDOM LAW OFFICES
101 EAST MAIN STREET
HARRISVILLE, WEST VIRGINIA 26362**

**TELEPHONE (304) 643-4440
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July 25, 2014

Town of Harrisville
P.O. Box 188
Harrisville, WV 25621

West Virginia Infrastructure and Jobs Development Council
1009 Bullitt Street
Charleston, WV 25301

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Re: Final Title Opinion for the Town of Harrisville
Chevaux de Frise Water Extension Project

Ladies and Gentlemen:

I am counsel to the Town of Harrisville (the "Issuer") in connection with a proposed project to construct certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the Council.
2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.
3. I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Cerrone & Associates, Inc., the consulting engineers for the Project.

Town of Harrisville
West Virginia Infrastructure and Jobs Development Council
West Virginia Water Development Authority
July 25, 2014
Page 2

4. I have examined the records on file in the Office of the Clerk of the County Commission of Ritchie County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, without exception, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. The following properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Ritchie County, West Virginia, to permit the Issuer a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and my certification is subject to the pending eminent domain litigation concerning the following parties and properties:

*Union District,
Ritchie County, WV*

Project Easement #1-05-01

Beck, Leta E. Tax Map 23 Parcel 19.1 Surface 18 acres Two Lick Run

Project Easement #1-07-01

**D'Apice, Judith
Mullins, Mary Christine
Hearne, Stella Marie
Moore, Lisa Renae
McNeil, Elizabeth Ann**

Tax Map 17 Parcel 14 Surface & 1/2 OGM 159.56 acres Chevauxdefrise

6. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Ritchie County to protect the legal title to and interest of the Issuer.

Town of Harrisville
West Virginia Infrastructure and Jobs Development Council
West Virginia Water Development Authority
July 25, 2014
Page 3

If you have any questions or need further information, please do not hesitate to contact me. I am,

Sincerely yours,


Rodney C. Windom

RCW/mas

IN THE CIRCUIT COURT OF RITCHIE COUNTY, WEST VIRGINIA

**The TOWN OF HARRISVILLE, a municipal
corporation created by and existing under
the laws of the State of West Virginia,
Petitioner,**

EMINENT DOMAIN PROCEEDING

vs.

CASE NO. 14-P-_____

**JUDITH ARLENE D'APICE, MARY
CHRISTINE MULLINS, STELLA MARIE
HEARNE, LISA RENAE MOORE and
ELIZABETH ANN MCNEIL,
and BRYAN L. BACKUS, SHERIFF
OF RITCHIE COUNTY,
Defendants.**

ORDER FILING PETITION

On this 23rd day of July, 2014, came the Petitioner, **The TOWN OF HARRISVILLE**, a municipal corporation created by and existing under the laws of the State of West Virginia, by its counsel, **RODNEY C. WINDOM, of Windom Law Offices**, and tendered and asked leave to file its Application, in writing by Petition, describing a certain parcel of land situate in Union District, Ritchie County, West Virginia, on which the Petitioner proposed to take and acquire certain temporary construction easements, together with the corresponding permanent rights of way and easements over, upon and across the surface of the said parcel of land to construct, install, maintain, operate, repair, replace and remove a water line extension as more particularly set forth in this cause, with a construction drawing of the land so proposed to be taken, stating the name of the owner of the surface of said parcel of land, and stating the purpose for which said temporary construction easements and the corresponding permanent rights of way as an encumbrance over, upon and across said land is proposed to be taken, and that said Petitioner has been unable to agree with the owners thereof as to the compensation to be paid for the right of way and easement interest in land which is proposed to be acquired and taken by the Petitioner, as provided by law, and which Petition is hereby **ORDERED** filed.

Petitioner, by counsel, further tendered and asked leave to pay into Court by virtue of Chapter 54, Article 1, Section 2(a)(4), *et seq.*, of the West Virginia Code, as amended, the sum

of **One Hundred and 00/100 Dollars ((\$100.00))**, which sum Petitioner estimates to be the fair value of the property or estate, right or interest therein, sought to be condemned in this proceeding, by reason of the taking. And it appearing to the Court that this case is one in which the Petitioner has the lawful right to take private property for the public use and purposes stated in the Petition heretofore filed in this case upon paying just compensation therefor, and it further appearing to the Court that there has not, as yet, been any report by condemnation commissioners or verdict of a jury and that, except for the entry by Petitioner for purposes of inspection, examination and survey as provided by statute, Petitioner has not entered, taken possession, appropriated or used the land sought to be condemned in this proceeding, it is, therefore, also **ADJUDGED** and **ORDERED** that **The TOWN OF HARRISVILLE**, the Petitioner herein, shall be, and it is hereby, permitted to pay said sum of **One Hundred and 00/100 Dollars**, as the total estimated just compensation due and owing the Defendants, to the Clerk of this Court for the use of the owner of said property, which sum will be distributed by said Clerk to the respective parties entitled thereto as directed by the further Order of this Court.

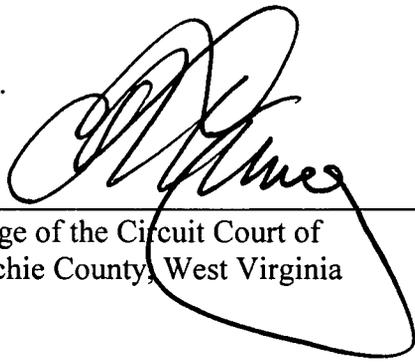
And, it likewise appearing to the Court that the case is one in which there is a lawful right to take the property in the manner and form described in the Petition, for the purposes set out in said Petition, and the interest to be so taken and acquired in the subject land is necessary for purposes aforesaid, and will be used therefor, said interest in land, as set forth in the Petition herein, is sought to be condemned for public use and purposes, and proper request being made, it is further **ORDERED, ADJUDGED** and **DECREED** that **The TOWN OF HARRISVILLE**, its agents and employees, shall be, and they are hereby, **permitted from the date of the entry of this Order to at once enter upon, take possession of, appropriate and use for public use and purposes the following described interest in the land described in the Petition** filed in this cause and shown on the construction drawing attached thereto, and it is further **ADJUDGED, ORDERED** and **DECREED** that **the temporary construction easement, together with the corresponding permanent right of way and easement over, upon and across the surface of the said parcel of land to construct, install, maintain, operate, repair, replace and remove a water line extension, as described in said Petition,** shall be, and the same is hereby, vested in **The TOWN OF HARRISVILLE** (subject to the provisions of Chapter 54, Article 1, Section 2(a)(4), *et seq.*, of the West Virginia Code, as amended), which tract of land is more particularly identified as being situate on the waters of

Chevaux de Frise Run, in Union District, Ritchie County, West Virginia, *containing 159 acres and 24,528 square feet, more or less*, the remainder interest therein which was conveyed to Judith Arlene D'Apice, Mary Christine Mullins, Stella Marie Hearne, Lisa Renae Moore and Elizabeth Ann McNeil, grantees, by James E. Jones and Mary F. Jones, husband and wife, grantors, by deed dated December 7, 1998, March 6, 2013, of record in the Office of the Clerk of the County Commission of Ritchie County, West Virginia, in Deed Book No. 268 at page 482, reference to which is hereby made for a more perfect description by the metes and bounds thereof. The conveyance was made subject to the reservation of a life estate for and during the natural lifetimes of the said grantors. Thereafter, the said James E. Jones departed this life, thereby terminating his life estate interest therein.

And it appearing to the Court that the said Petitioner prays for condemnation commissioners to be appointed to ascertain a just compensation for the subject fractional interest owners of the said interest in land which is to be taken and appropriated, as aforesaid, it is further **ORDERED** that the said Petition and Application shall be, and it is hereby, the Petitioner's motion for the appointment of condemnation commissioners shall be hereafter scheduled and set down for hearing on a date to be scheduled at the convenience of the Court, and that the Petitioner shall cause notice of the time and place of such hearing to be given to the Defendants named in said Petition, as required by law, and this cause is continued until the date said hearing shall be scheduled.

Upon entry, the Clerk of this Court is hereby directed to forward a copy of this Order to counsel for all parties of record.

ENTERED this 23rd day of July, 2014.



Judge of the Circuit Court of
Ritchie County, West Virginia

Prepared by:

A handwritten signature in cursive script that reads "Rodney C. Windom". The signature is written in black ink and is positioned above a horizontal line.

RODNEY C. WINDOM

W.Va. State Bar #4091

Windom Law Offices

101 East Main Street

Harrisville, West Virginia 26362

Telephone No. (304) 643-4440

Facsimile No. (304) 643-2947

e-mail: rwindom@zoominternet.net

COUNSEL FOR THE PETITIONER

IN THE CIRCUIT COURT OF RITCHIE COUNTY, WEST VIRGINIA

The TOWN OF HARRISVILLE, a municipal corporation created by and existing under the laws of the State of West Virginia,
Petitioner,

EMINENT DOMAIN PROCEEDING

vs.

CASE NO. 14-P-_____

JUDITH ARLENE D'APICE, MARY CHRISTINE MULLINS, STELLA MARIE HEARNE, LISA RENAE MOORE, ELIZABETH ANN MCNEIL, and BRYAN L. BACKUS, SHERIFF OF RITCHIE COUNTY,
Defendants.

THE APPLICATION BY PETITION OF
THE TOWN OF HARRISVILLE,
A MUNICIPAL CORPORATION CREATED BY AND
EXISTING UNDER THE LAWS OF THE STATE OF WEST VIRGINIA,
TO CONDEMN LAND FOR PUBLIC PURPOSES

Comes now the undersigned Petitioner, **THE TOWN OF HARRISVILLE**, a municipal corporation created by and existing under the laws of the State of West Virginia, by and through its Mayor, Alan R. Haught, pursuant to Chapter 54, Article 1, Section 2(a)(4), *et seq.*, of the West Virginia Code, as amended, and respectfully represents and avers as follows:

1. That the Petitioner, **THE TOWN OF HARRISVILLE** is a municipal corporation as aforesaid located wholly within Ritchie County, West Virginia, and is vested with certain governmental powers, including the right of eminent domain, and is duly authorized to exercise the right to acquire, take or damage property for public purposes as set forth and provided above.

2. That the public uses for which the Petitioner may take or damage private property, as set forth in the aforesaid statutory provisions, specifically include the purpose of acquiring any lands, rights or easements deemed necessary or incidental for the purposes of the corporation,

including the constructing, maintaining and operating of water treatment systems, including lines for transporting water and supplying water to the inhabitants of any community, for public use and in the interest of the public welfare.

3. That the Petitioner has determined that necessity and the preservation of the public health, safety and convenience requires that it acquire temporary construction easements, together with the corresponding permanent rights of way and easements to construct, install, maintain and operate certain additions, betterments and improvements to the existing municipal water works system through the Chevaux de Frise Water Extension project, situate along County Route 24, between the Town of Pullman and the Village of Washburn, in Clay and Union Districts, Ritchie County, West Virginia.

4. That while the Petitioner has negotiated and acquired various rights of way and/or easements from adjacent landowners for the construction, operation and maintenance of the of its public waterline extension, it is further necessary to appropriate and acquire the said temporary construction easements, together with the corresponding permanent rights of way and easements to construct, install, maintain, operate, repair, replace and remove a water line extension over, upon and across that certain lot, tract or parcel of real estate identified as being situate on the waters of Chevaux de Frise Run, in Union District, Ritchie County, West Virginia, *containing 159 acres and 24,528 square feet, more or less*, the **remainder interest** therein which was conveyed to Judith Arlene D'Apice, Mary Christine Mullins, Stella Marie Hearne, Lisa Renae Moore and Elizabeth Ann McNeil, grantees, by James E. Jones and Mary F. Jones, husband and wife, grantors, by deed dated December 7, 1998, March 6, 2013, of record in the Office of the Clerk of the County Commission of Ritchie County, West Virginia, in Deed Book No. 268 at page 482, reference to which is hereby made for a more perfect description by the metes and bounds thereof. The stated conveyance was made **subject to the reservation of a life estate for and during the natural lifetimes** of the said grantors. Thereafter, the said James E. Jones departed this life, thereby terminating his life estate interest therein.

Being the same tract of real estate which is assessed on the 2014 Land Books for Union District, Ritchie County, West Virginia, as follows:

**Jones, James E. & Mary (life)
D'Apice, Judith & Moore, Lisa**

Tax Map 17 Parcel 14 Surface & 1/2 OGM 159.56 acres Chevauxdefrise

(See copy of vesting deed, real estate tax assessments and tax map attached hereto, collectively, as Exhibit A.)

5. That while the Petitioner has likewise heretofore negotiated and acquired a right of way and easement from Mary F. Jones, widow, as life tenant, for her said interest in and to the *surface* of the subject property, the said Judith Arlene D'Apice, Mary Christine Mullins, Stella Marie Hearne, Lisa Renae Moore and Elizabeth Ann McNeil, as the remainder interest owners of the *surface* thereof, and the Defendants herein, have either failed or refused to grant the necessary rights of way and easements for the waterline extension, or else they could not be located by the Petitioner and their whereabouts are unknown.

6. That the Petitioner has on file at its offices a set of plans and construction drawings or maps of the proposed "Chevaux de Frise Water Extension", showing the said temporary construction easements, together with the corresponding permanent rights of way and easements to construct, install, maintain, operate, repair, replace and remove the said water line extension over, upon and across the subject tract of real estate, a copy of which said construction drawing depicting the same as burdening the subject tract of real estate, being identified as "Easement #1-07-01" is likewise attached hereto as Exhibit B.

7. That the rights and interests in and to the subject tract of real estate to be so taken by the Petitioner in this proceeding are proposed as follows:

A 15' wide surface and sub-surface permanent easement 7-1/2' on either side of the constructed centerline on the construction maps prepared by Cerrone Associates, Inc., together with a 30' wide, 15' on either side of centerline, construction easement to lay, operate, maintain, repair replace or remove a water line across and through the lands of the Defendant, with the

understanding that the right of way widths referred to shall be exclusive of any structures currently located upon the property.

8. That the Petitioner further represents that it has been unable to agree with the above named Defendants as owners of the *surface* of the subject tract of real estate, as to what amount of money shall be paid to the Defendants for their interests, as the total sum of just compensation for acquisition of the said rights and easements over, upon and across the said real estate which is herein proposed to be taken by the Petitioner for the public use and purposes aforesaid, but that the Petitioner has heretofore offered or tendered, or attempted to offer or tender, to those said Defendants, as compensation for acquiring their aforesaid interests in and to the subject tract of real estate, the total sum of One Hundred Dollars (\$100.00), which the Petitioner estimates to be the fair market value of the rights or interests in and to the subject tract of real estate therein sought to be condemned, including all damages, in any, to the residue beyond all benefits, in any, to be derived by reason of the proposed taking. The said Defendants have either failed or refused to accept the tendered offer on the grounds that the sum is insufficient compensation for the interests in the real estate so taken and damages; or that they are otherwise unwilling to grant the proposed temporary and permanent rights of way and easements; or, that their whereabouts are unknown to the Petitioner. The Petitioner, therefore, institutes this proceeding under the provisions of Chapter 54, Article 1, Section 2(a)(4), *et seq.*, of the West Virginia Code, as amended.

9. That the Petitioner believes that there are, or may be, a sum of money due and owing to the Sheriff and Treasurer of Ritchie County, for the amount of the unpaid 2014 county real estate taxes, assessed on the subject tract, which said taxes would constitute a statutory lien thereupon until paid; and, that the public interest in the payment of said taxes should be protected in this taking.

PRAYER FOR RELIEF

Now, therefore, the Petitioner prays:

(1) That this Court determine the Petitioner has the right to condemn and appropriate for public use such part or portion of the subject tract of real estate as is required for the said

temporary construction easements, together with the corresponding permanent rights of way and easements to construct, install, maintain, operate, repair, replace and remove a water line extension over, upon and across the same.

(2) That the Court shall permit the Petitioner to deposit or pay into Court, to the Clerk of this Court, the amount which it has estimated to be the fair market value of the rights or interests in the said property or estate therein, which the Petitioner is seeking to condemn, including the damages, if any, to the residue beyond the benefits, if any, to such residue, by the reason of the taking, in accordance with the provisions of Chapter 54, Article 2, Section 14a of the West Virginia Code, as amended, and that after such deposit that the Court will permit said land sought to be condemned to be at once entered upon, possessed, appropriated and used by the Petitioner, for the purposes stated in this Petition.

(3) That Commissioners be appointed to ascertain a just compensation for the surface of the land owned by the Defendant as more particularly described herein and proposed to be taken, appropriated and used, for the public purposes and uses aforesaid, together with damages, if any, to the residue of the respective parcel from which the rights or interests to be acquired are taken beyond all benefits, in any, which may be derived in respect to such residue for the purposes to which the parcel is to be taken, appropriated and used.

(4) That such other and further proceedings as may be had in the premises as shall conform to law, and upon final payment by the Petitioner of the just compensation thus ascertained, such part or portion of the subject tract of real estate as is required for the said temporary construction easements, together with the corresponding permanent rights of way and easements to construct, install, maintain and operate a water tank access road and a water line extension alongside the said access road over, upon and across the same as is sought to be condemned may be vested in the Petitioner, clear of any liens and encumbrances.

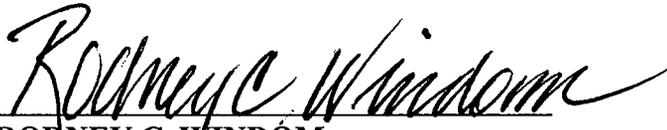
(5) That this Court protect the interests of the Defendants herein as set forth in the Petition, including those whose whereabouts may appear to be unknown, infants, incompetents, or convicts and to determine, set aside and assign such allowance for any such interest as may be

ascertained.

(6) That the Petitioner be granted such other and further relief, both general and special, which as this Court may seem just and proper.

**THE TOWN OF HARRISVILLE,
a municipal corporation created by and existing
under the laws of the State of West Virginia,
PETITIONER,**

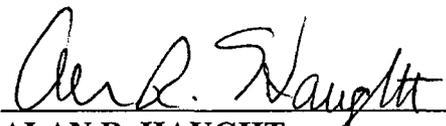
By Counsel.



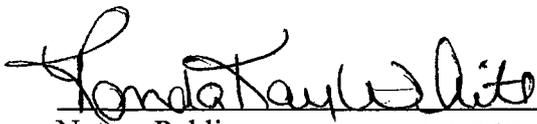
RODNEY C. WINDOM
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COUNSEL FOR THE PETITIONER

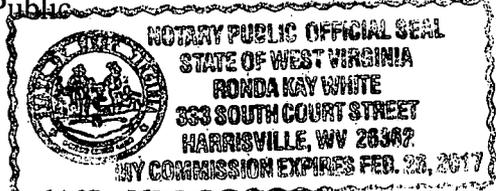
**STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, TO-WIT:**

Alan R. Haught, Mayor of the Town of Harrisville, a municipal corporation created by and existing under the laws of the State of West Virginia, the above-named Petitioner, being first duly sworn, deposes and says that he has read the foregoing Application, or Petition, and knows the contents thereof, that the facts and allegations contained in the said Petition are true, except so far as they are therein stated to be upon information, and except so far as they are therein stated upon information he believes them to be true.


ALAN R. HAUGHT

Taken, subscribed and sworn to before me, the undersigned authority, on this 23rd day of July, 2014.


Notary Public


{Affix Notarial Seal}

482

THIS DEED, made this 7th day of December, 1998, by and between JAMES E. JONES and MARY F. JONES, husband and wife, the GRANTORS, and JUDITH ARLENE D'APICE, MARY CHRISTINE MULLINS, STELLA MARIE HEARNE, LISA RENAE MOORE AND ELIZABETH ANN MCNEIL, the GRANTEES.

WITNESSETH: That for and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid by the GRANTEES to the GRANTORS, and for the natural love and affection, the receipt of all of which is hereby acknowledged, the said GRANTORS do hereby grant and convey, with covenants of GENERAL WARRANTY, but subject to the reservations and exceptions hereinafter set forth, unto the said JUDITH ARLENE D'APICE, MARY CHRISTINE MULLINS, STELLA MARIE HEARNE, LISA RENAE MOORE and ELIZABETH ANN MCNEIL, the GRANTEES, all of that certain lot, tract, or parcel of real estate, situate on the waters of Chevauxdefrise, in Union District, Ritchie County, West Virginia, and more particularly bounded and described as follows:

BEGINNING at a hickory bush, thence N. 32 W. 69-3/5 poles to a stone; thence N. 6-1/2 W. 12 poles to a stone and walnut stump; thence N. 45-1/2 W. 30 poles to a hickory; thence N. 44 W. 14-2/5 poles to a chestnut oak; thence N. 1 W. 20 poles to a chestnut oak; thence N. 50 W. 38 poles to a chestnut bush; thence N. 60 W. 20-1/4 poles to a jack oak; thence S. 56 W. 16 poles to a white oak; thence S. 3 E. 113 poles to a white oak; thence S. 32 W. 90 poles to a white oak; thence S. 31 W. 10-1/2 poles to a hickory; thence S. 79 W. 31-1/2 poles to a stone and pointers; thence S. 43 E. 72 poles to a sugar; thence N. 84 E. 49 poles to two small hickories; thence N. 57-1/2 E. 80 poles to a stone and pointers; thence N. 87-1/2 E. 20 poles to a chestnut; thence N. 81 E. 9 poles to pointers; and thence N. 10 E. 60 poles to the place of beginning, containing 168 acres, and 49 square rods, more or less.

There are EXCEPTED from the above described tract of land, and not hereby conveyed, certain parts thereof heretofore outconveyed by former holders of title, namely:

EXCEPTION NO. 1: That certain parcel containing 6 acres and 48 poles conveyed by M. J. Leggett to W. S. Fowler by deed dated August 24, 1903, and of record in the office of the Clerk of the County Commission of Ritchie County, West Virginia, in Deed Book No. 51, at Page 547, and therein described as BEGINNING at a stone, thence S. 43 E. 56 poles to a stone; thence N. 55-1/2 E. 7 poles and 9 links to a stone; thence N. 61 E. 9 poles to a stone; thence N. 30 W. 13 poles and 16 links to a hickory; and thence S. 79 W. 31-1/2 poles to the place of beginning, containing 6 acres and 48 poles, more or less.

EXCEPTION NO. 2: Those three certain parcels containing in the aggregate about two (2) acres, all right, title and interest in which was quitclaimed by M. J. Leggett to James Starr et al., Trustees of the Methodist Episcopal Church at the Chevauxdefrise Appointment on the Harrisville Circuit, by deed dated October 15, 1895, and of record in the aforesaid Clerk's Office in Deed Book No. 42, at page 291, and which said parcels were initially conveyed to said Trustees by Ranson Kendall et ux., by two deeds, to-wit:

✓003410

Mailed: James E. Jones, RR 2, Box 123, Harrisville, W. Va. 26362 12/7/98

EXHIBIT

A

Page 2-

A. Deed dated December 1, 1866, of record in said Clerk's office in Deed Book No. 11, at page 227, the land thereby conveyed being described as BEGINNING at a sugar tree on the line between H. H. Amos and R. Kendall, thence running South 43-1/2 E. 18 poles to a stake on the bank of Chevauxdefrise Creek; thence up said creek 6-2/3 poles to a sycamore tree; and thence nearly parallel with Amos and Kendall line 16 poles to a black oak bush and thence 8 poles to the place of beginning.

B. Deed dated June 24, 1886, of record in said Clerk's office in Deed Book No. 28, at page 145, for a graveyard lot with outlet, described as BEGINNING at a stone, thence N. 60 E. 9 poles to a stone; thence N. 30 W. 16-2/3 poles to a stone; thence S. 60 W. 9 poles to a stone; thence S. 30 E. 16-2/3 poles to the beginning corner to said lot; thence with the line around said "outlet" S. 19 E. 14 poles to a corner in the line of the church lot; thence with said line a northeast course to the upper corner at the lower end of said "outlet"; thence N. 19 W. 15 poles to graveyard lot, containing one (1) acre, more or less.

EXCEPTION NO. 3: That certain parcel containing 19,032 square feet which was conveyed by Ted R. Davisson et. ux. to Gene Davisson et ux. by deed dated July 2, 1960, and of record in said Clerk's office in Deed Book No. 140, at page 77, and therein described as BEGINNING at a stake on the southern bank of Chevauxdefrise Creek and the western edge of a road, thence S. 40-1/2 E. 98 feet with said road to a stake at the forks of an intersecting road; thence with the northern edge of said last mentioned road S. 55 W. 246 feet to a stake; thence N. 26 W. 62-1/2 feet to a stake by said creek; thence N. 45-1/2 E. 231 feet to the place of beginning, containing 19,032 square feet, more or less.

EXCEPTION NO. 4: A strip of land 20 feet in width on either side of the centerline of the existing road across said premises which was conveyed by Ted R. Davisson et ux. to the State Road Commission of West Virginia by deed dated March 17, 1950, of record in said Clerk's office in Road Record Book No. 3, at page 219, for use as a road right of way.

RESERVATION OF OIL AND GAS: This deed is made subject to a prior reservation by M. J. Leggett of "1/2 of the 1/8 royalty oil, and the 1/2 of the proceeds from sale of gas" from the land hereby conveyed.

Leaving to be conveyed by this deed, 159 acres and 24,528 square feet, more or less, and less minerals as aforesaid.

Being the same real estate which was conveyed to James E. Jones and Mary F. Jones, husband and wife, by Robert E. Manuel and Nancy D. Manuel, husband and wife, by deed dated the 15th day of December, 1978, and of record in the office of the Clerk of the County Commission of Ritchie County, West Virginia, in Deed Book No. 189, at page 676.

The Grantors hereby reserve the right to use the subject property for and during their natural life time.

The Grantees agree by their acceptance of this deed that if any of the Grantees want to sale their interest in the subject property then it must be sold to another of the Grantees or to one or more of the Children of any of the Grantees.

TO HAVE AND TO HOLD unto the said JUDITH ARLENE D'APICE, MARY CHRISTINE MULLINS, STELLA MARIE HEARNE, LISA RENAE MOORE and ELIZABETH ANN MCNEIL, the GRANTEES, their heirs and assigns, forever, the above described real estate, together with all in singular the appurtenances thereunto belonging.

DECLARATION OF CONSIDERATION

We hereby declare that this is a transfer from parents to their female children, without consideration, and it is therefore exempt for the State Excise Tax. We also hereby declare that on December 1, 1998, that James Davis Jones was removed from this Deed and that we changed Elizabeth Ann Jones to her married name of Elizabeth Ann McNeil.

WITNESS the following signatures and seals.

James E. Jones (seal)
James E. Jones

Mary F. Jones 12-7-98 (seal)
Mary F. Jones

STATE OF WEST VIRGINIA,
County of Ritchie, to-wit:

The foregoing instrument was acknowledged before me and given under my hand and seal this 7th day of December 1998 by James E. Jones and Mary F. Jones, husband and wife.

Bonnie L. Clise
Notary Public

My Commission Expires: January 9, 2002
OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BONNIE LOU CLISE
600 E. MAIN ST.
HARRISVILLE, WV 26342
My Commission Expires January 9 2002

THIS INSTRUMENT WAS PREPARED BY STAR SMITH, 16031 NORTH PLACE DR., HOUSTON, TEXAS 77073

(Form CC No. 1)

STATE OF WEST VIRGINIA,

Ritchie County Commission Clerk's Office, December 7th, 1998 at 2:20 o'clock P.M.

The foregoing writing, with the certificate of acknowledgment thereto, was this day admitted to record in said office.

Teste: *Linda B. Mang*, Clerk

REAL ESTATE TAX BOOK
STATE OF WEST VIRGINIA

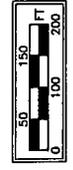
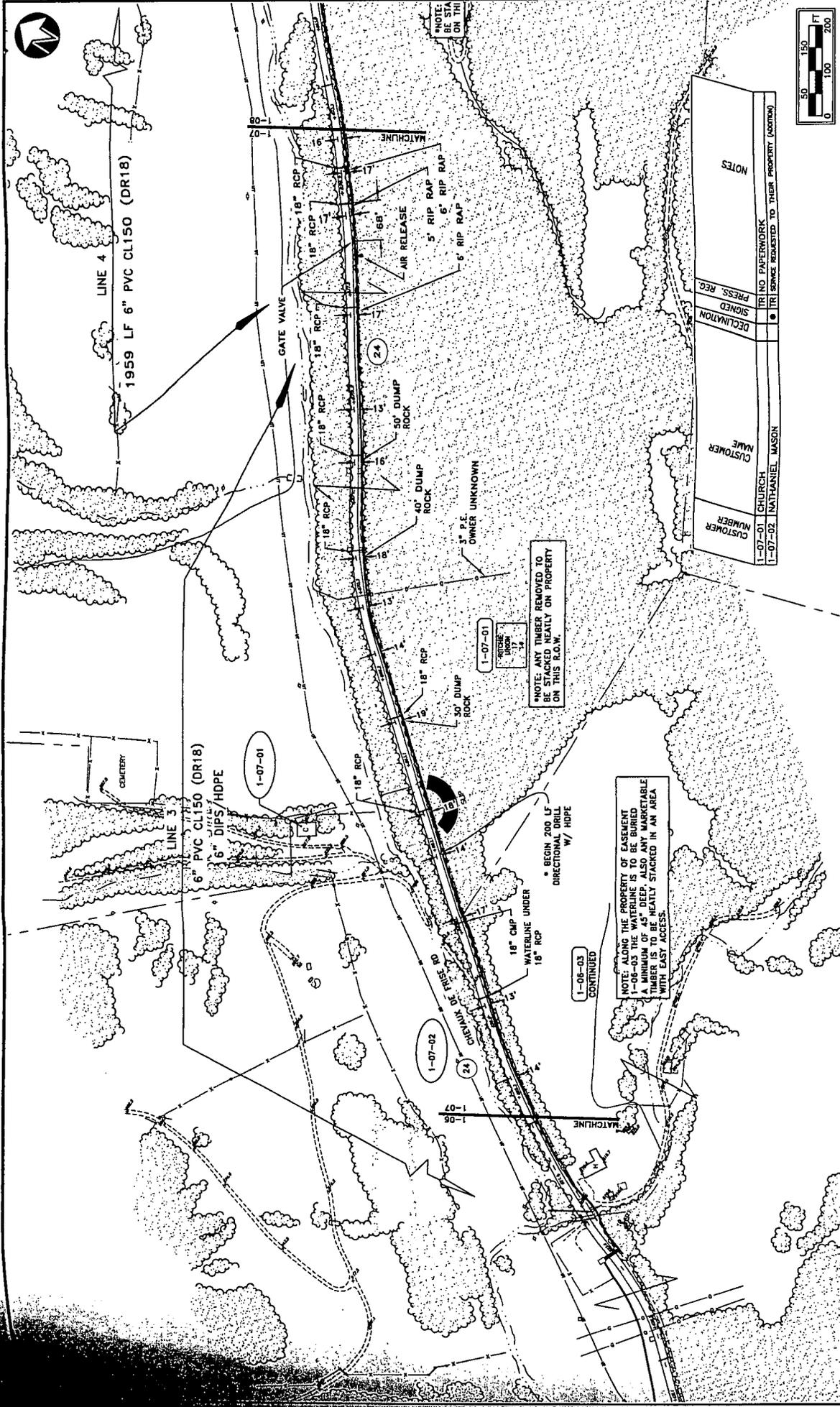
STC 12.21

PAGE NUMBER	COUNTY	DISTRICT	TAX YEAR	ASSESSED JULY 1	CLASS	TAX RATE	CLASS	TAX RATE
63	RITCHIE	10 UNION DISTRICT	2014	2013	2	.0111440	3	.0222880

TICKET NUMBER	ACCOUNT NUMBER	TAXPAYER NAME JOINT TAXPAYER NAME HOMESTEAD EXEMPTION	MAP PARCEL SUFFIX - SPLIT DEED BOOK - PAGE	PROPERTY DESCRIPTION	ASSESSED VALUE			TAX			
					LAND MINERAL BUILDING	GROSS HOMESTEAD NET	C	L	A	S	HALF YEAR
'877		JONES ELIZABETH	31-0019 0004-0000	SURF 7.654 AC BRUSHY FK & BONE CK	13880	69420	2			38681	1
1000000		JONES ERNEST R	287-550 9999-0001 0439-0000 W17-167	1/2 OGM 49.09 BONE CREEK	55740	69420	3			112	2
'879		JONES FLOYD HRS	23-0027 0000-0000	DAVID CAINS RUN 21.25AC 5/6FEE	9250 510	9560	3		INT	10654	3
1000000		JONES JAMES E & MARY(LIFE) D'APICE JUDITH,MOORE LISA HOMESTEAD - D	70-0372 17-0014 0000-0000 316-705	SUR & 1/2 OGM 159.56 AC CHEVAUXDEFRISE	19020 5840 18660	43520	2		U	12994	4
1000000		JONES JANIE TENNANT	9999-0100 0322-0000 WB39-565	1/30 OGM 75 AC WTS BRUSH RUN	100	100	3			112	5
7882		JONES JANIE TENNANT	9999-0100 0323-0000 WB39-565	1/30 OGM 20 AC WTS BRUSH RUN	100	100	3			112	6
7883		JONES JANIE TENNANT	9999-0100 0324-0000 WB39-565	1/30 OGM 5.16 AC MIDDLE FORK	100	100	3			112	7
7884		JONES JERRY B LINDA R	30-0010 0000-0000	S F H R 63AC SUR B	3120	5640	2			3143	8
1000000		JONES JOHN W	0206-0040 9999-0100 0229-0000 WB37-80	1/4 OGM 137 SQ RDS WTS SPRUCE	2520	5640	3			112	9
7886		JONES JOHN W	9999-0100 0230-0000	1/4 OGM 63 AC WTS SPRUCE	290	290	3			323	10
7887		JONES JOHN W	9999-0100 0231-0000 WB37-80	1/4 OGM 67.14 AC WTS SPRUCE	1580	1580	3			1761	11
7888		JONES JOHN W	9999-0100 0232-0000 WB37-80	1/4 OGM 8 AC WTS SPRUCE	100	100	3			112	12
7889		JONES JOHN W	9999-0100 0233-0000 WB37-80	1/4 OGM 1 1/4 AC WTS SPRUCE	100	100	3			112	13
7890		JONES JOSHUA R	35-0009 0000-0000 316-768	BONE CREEK 3.2 AC	10560 35880	46440	2			25877	14
0000000		JONES LLOYD O & DIANA L	9999-0001 5035-0000 289-446	1/8 OGM 65 AC WOLFE PEN RUN	1310	1310	3			1460	15
7892		JONES LLOYD O & DIANA L	9999-0100 0108-0000 289-646	1/16 OGM 100 AC CHEVAUXDEFRISE	270	270	3			301	16

TAX TOTALS	ASSESSMENT TOTALS		AMOUNT		AMOUNT		TAX TOTALS	
	CLASS - LAND	CLASS - MINERAL	CLASS - LAND	CLASS - MINERAL	CLASS - LAND	CLASS - MINERAL	CLASS - LAND	CLASS - MINERAL
959.78	5,640	20,000	9,250	3	4,660	2	806.95	3
1,919.56	164,820	144,820	13,710	3	152.83	3	1,919.56	3
TOTAL FULL YEAR	TOTAL FULL YEAR	NET CLASS 2	CLASS - IMPROV.	CLASS - TOTAL	CLASS - IMPROV.	CLASS - TOTAL	TOTAL FULL YEAR	TOTAL FULL YEAR

* - BACK TAX
P - PENALTY
F - FORFEITURE
U - FRM USE/TT



NOTES
DECLINATION
SIGNED
IR NO PAPERWORK
IR SOURCE REQUESTED TO THEIR PROPERTY (OPTION)

<p>SCALE GRAPHIC</p> <p>PROJECT NO. HA40-10W</p> <p>DRAWING NO. 1-07(A1)</p>	<p>PROJECT TITLE</p> <p>TOWN OF HARRISVILLE RITCHIE COUNTY, WEST VIRGINIA CHEVAUX DE FRISE EXTENSION</p> <p>DRAWING TITLE</p> <p>CHEVAUX DE FRISE CR 24 LINE NO. 3, 4</p>	<p>RED LINE</p> <p>DATE</p> <p>BY</p>	<p>THIS DRAWING REPRESENTS THE DESIGN AND ENGINEERING EFFORTS OF CERRONE ASSOCIATES, INC. THE DESIGN AND ASSOCIATED DOCUMENTS HAVE BEEN PREPARED FOR A SPECIFIC PURPOSE AND ARE NOT TO BE USED FOR ANY OTHER PURPOSE WITHOUT THE WRITTEN CONSENT OF CERRONE ASSOCIATES, INC.</p>	<p>PROJECT TITLE</p> <p>CERRONE ASSOCIATES, INC. CONSULTING ENGINEERS, ARCHITECTS, PLANNERS 401 MAIN STREET, WHEELING, WV 26003-2487</p>	<p>REVISION</p> <table border="1"> <tr><th>NO.</th><th>DATE</th><th>REVISION</th><th>BY</th></tr> <tr><td>1</td><td></td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td></tr> <tr><td>4</td><td></td><td></td><td></td></tr> </table>	NO.	DATE	REVISION	BY	1				2				3				4			
NO.	DATE	REVISION	BY																						
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NOTE: ANY TIMBER REMOVED TO BE STACKED NEATLY ON PROPERTY ON THIS R.O.W.

NOTE: ALONG THE PROPERTY OF EASEMENT AND ALONG WATERLINE IS TO BE BURIED TO A MINIMUM OF 45" DEEP. ALSO ANY MARKETABLE TIMBER IS TO BE NEATLY STACKED IN AN AREA WITH EASY ACCESS.

* BEGIN 200 LF DIRECTIONAL DRILL W/ HOPE

1-07-01
HOLE
1" P.E.
1" P.E. UNKNOWN OWNER

1-06-03
CONTINUED

1-07-02

1-07-01

LINE 4
1959 LF 6" PVC CL150 (DR18)

LINE 3
6" PVC CL150 (DR18)
6" DIPS/HOPE

1-07-01

1-07-01

1-07-01

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IN THE CIRCUIT COURT OF RITCHIE COUNTY, WEST VIRGINIA

**The TOWN OF HARRISVILLE, a municipal
corporation created by and existing under
the laws of the State of West Virginia,
Petitioner,**

EMINENT DOMAIN PROCEEDING

vs.

CASE NO. 14-P-_____

**LETA E. BECK,
and BRYAN L. BACKUS, SHERIFF
OF RITCHIE COUNTY,
Defendants.**

ORDER FILING PETITION

On this 23rd day of July, 2014, came the Petitioner, **The TOWN OF HARRISVILLE**, a municipal corporation created by and existing under the laws of the State of West Virginia, by its counsel, **RODNEY C. WINDOM, of Windom Law Offices**, and tendered and asked leave to file its Application, in writing by Petition, describing a certain parcel of land situate in Union District, Ritchie County, West Virginia, on which the Petitioner proposed to take and acquire a certain temporary construction easement, together with the corresponding permanent right of way and easement over, upon and across the *surface* of the said parcel of land to **construct, install, maintain, operate, repair, replace and remove a water line extension** as more particularly set forth in this cause, with a construction drawing of the land so proposed to be taken, stating the name of the owner of the surface of said parcel of land, and stating the purpose for which said temporary construction easements and the corresponding permanent rights of way as an encumbrance over, upon and across said land is proposed to be taken, and that said Petitioner has been unable to agree with the owner as to the acquisition and/or the compensation to be paid for the right of way and easement interest in land which is proposed to be acquired and taken by the Petitioner, as provided by law, and which Petition is hereby **ORDERED** filed.

Petitioner, by counsel, further tendered and asked leave to pay into Court by virtue of Chapter 54, Article 1, Section 2(a)(4), *et seq.*, of the West Virginia Code, as amended, the sum of **One Hundred and 00/100 Dollars ((\$100.00))**, which sum Petitioner estimates to be the fair

value of the property or estate, right or interest therein, sought to be condemned in this proceeding, by reason of the taking. And it appearing to the Court that this case is one in which the Petitioner has the lawful right to take private property for the public use and purposes stated in the Petition heretofore filed in this case upon paying just compensation therefor, and it further appearing to the Court that there has not, as yet, been any report by condemnation commissioners or verdict of a jury and that, except for the entry by Petitioner for purposes of inspection, examination and survey as provided by statute, Petitioner has not entered, taken possession, appropriated or used the land sought to be condemned in this proceeding, it is, therefore, also **ADJUDGED** and **ORDERED** that **The TOWN OF HARRISVILLE**, the Petitioner herein, shall be, and it is hereby, permitted to pay said sum of **One Hundred and 00/100 Dollars**, as the total estimated just compensation due and owing the Defendant, to the Clerk of this Court for the use of the owner of said property, which sum will be distributed by said Clerk to the party or parties entitled thereto as directed by the further Order of this Court.

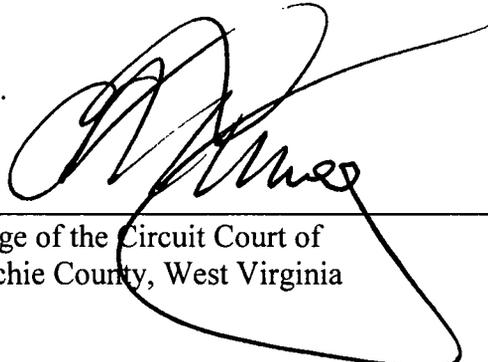
And, it likewise appearing to the Court that the case is one in which there is a lawful right to take the property in the manner and form described in the Petition, for the purposes set out in said Petition, and the interest to be so taken and acquired in the subject land is necessary for purposes aforesaid, and will be used therefor, said interest in land, as set forth in the Petition herein, is sought to be condemned for public use and purposes, and proper request being made, it is further **ORDERED, ADJUDGED** and **DECREED** that **The TOWN OF HARRISVILLE**, its agents and employees, shall be, and they are hereby, **permitted from the date of the entry of this Order to at once enter upon, take possession of, appropriate and use for public use and purposes the following described interest in the land described in the Petition filed in this cause** and shown on the construction drawing attached thereto, and it is further **ADJUDGED, ORDERED** and **DECREED** that the **temporary construction easement, together with the corresponding permanent right of way and easement over, upon and across the surface of the said parcel of land to construct, install, maintain, operate, repair, replace and remove a water line extension, as described in said Petition,** shall be, and the same is hereby, vested in **The TOWN OF HARRISVILLE** (subject to the provisions of Chapter 54, Article 1, Section 2(a)(4), *et seq.*, of the West Virginia Code, as amended), which said tract of land is more particularly identified as the "Eighth Tract," being situate on the waters of Two Lick Run, in Union District, Ritchie County, West Virginia,

containing 18 acres, more or less, which was conveyed to Leta E. Beck, as Beneficiary of the Anne G. Exline Revocable Trust, by Carl E. Exline, Jr., as Trustee of the Anne G. Exline Revocable Trust, by deed dated March 6, 2013, of record in the Office of the Clerk of the County Commission of Ritchie County, West Virginia, in Deed Book No. 319 at page 288, reference to which is hereby made for a more perfect description by the metes and bounds thereof. (See copy attached hereto as Exhibit A.)

And it appearing to the Court that the said Petitioner prays for condemnation commissioners to be appointed to ascertain a just compensation for the subject fractional interest owners of the said interest in land which is to be taken and appropriated, as aforesaid, it is further **ORDERED** that the said Petition and Application shall be, and it is hereby, the Petitioner's motion for the appointment of condemnation commissioners shall be hereafter scheduled and set down for hearing on a date to be scheduled at the convenience of the Court, and that the Petitioner shall cause notice of the time and place of such hearing to be given to the Defendants named in said Petition, as required by law, and this cause is continued until the date of said hearing.

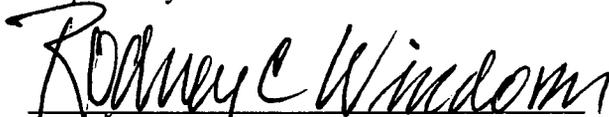
Upon entry, the Clerk of this Court is hereby directed to forward a copy of this Order to counsel for all parties of record.

ENTERED this 23rd day of July, 2014.



Judge of the Circuit Court of
Ritchie County, West Virginia

Prepared by:



RODNEY C. WINDOM

W.Va. State Bar #4091

Windom Law Offices

101 East Main Street

Harrisville, West Virginia 26362

Telephone No. (304) 643-4440

Facsimile No. (304) 643-2947

e-mail: rwindom@zoominternet.net

COUNSEL FOR THE PETITIONER

IN THE CIRCUIT COURT OF RITCHIE COUNTY, WEST VIRGINIA

**The TOWN OF HARRISVILLE, a municipal
corporation created by and existing under
the laws of the State of West Virginia,
Petitioner,**

EMINENT DOMAIN PROCEEDING

vs.

CASE NO. 14-P-_____

**LETA E. BECK,
and BRYAN L. BACKUS, SHERIFF
OF RITCHIE COUNTY,
Defendants.**

**THE APPLICATION BY PETITION OF
THE TOWN OF HARRISVILLE,
A MUNICIPAL CORPORATION CREATED BY AND
EXISTING UNDER THE LAWS OF THE STATE OF WEST VIRGINIA,
TO CONDEMN LAND FOR PUBLIC PURPOSES**

Comes now the undersigned Petitioner, **THE TOWN OF HARRISVILLE**, a municipal corporation created by and existing under the laws of the State of West Virginia, by and through its Mayor, Alan R. Haught, pursuant to Chapter 54, Article 1, Section 2(a)(4), *et seq.*, of the West Virginia Code, as amended, and respectfully represents and avers as follows:

1. That the Petitioner, **THE TOWN OF HARRISVILLE** is a municipal corporation as aforesaid located wholly within Ritchie County, West Virginia, with a mailing address of P.O. Box 188, Harrisville, WV 26362, and is vested with certain governmental powers, including the right of eminent domain, and is duly authorized to exercise the right to acquire, take or damage property for public purposes as set forth and provided above.

2. That the public uses for which the Petitioner may take or damage private property, as set forth in the aforesaid statutory provisions, specifically include the purpose of acquiring any lands, rights or easements deemed necessary or incidental for the purposes of the corporation, including the constructing, maintaining and operating of water treatment systems, including lines for transporting water and supplying water to the inhabitants of any community, for public use and in the interest of the public welfare.

3. That the Petitioner has determined that necessity and the preservation of the public health, safety and convenience requires that it acquire temporary construction easements, together with the corresponding permanent rights of way and easements to construct, install, maintain and operate certain additions, betterments and improvements to the existing municipal water works system through the Chevaux de Frise Water Extension project, situate along County Route 24, between the Town of Pullman and the Village of Washburn, in Clay and Union Districts, Ritchie County, West Virginia.

4. That while the Petitioner has negotiated and acquired various rights of way and/or easements from adjacent landowners for the construction, operation and maintenance of the of its public waterline extension, it is further necessary to appropriate and acquire the said temporary construction easements, together with the corresponding permanent rights of way and easements to construct, install, maintain and operate the said water line extension over, upon and across that certain lot, tract or parcel of real estate which tract of land is more identified as the "Eighth Tract," being situate on the waters of Two Lick Run, in Union District, Ritchie County, West Virginia, *containing 18 acres, more or less*, which was to Leta E. Beck, as Beneficiary of the Anne G. Exline Revocable Trust, by Carl E. Exline, Jr., as Trustee of the Anne G. Exline Revocable Trust, by deed dated March 6, 2013, of record in the Office of the Clerk of the County Commission of Ritchie County, West Virginia, in Deed Book No. 319 at page 288, reference to which is hereby made for a more perfect description by the metes and bounds thereof.

Being the same tract of real estate which is assessed on the 2014 Land Books for Union Distirct, Ritchie County, West Virginia, as follows:

Beck, Leta E.

Tax Map 23 Parcel 19.1 Surface 18 acres Two Lick Run

(See copy of vesting deed, real estate tax assessments and tax map attached hereto, collectively, as Exhibit A.)

5. That the *surface* of the subject tract is currently owned by Leta E. Beck, the Defendant herein by virtue of the deed last aforesaid.

6. That the Petitioner has on file at its offices a set of plans and construction drawings or maps of the proposed “Chevaux de Frise Water Extension”, showing the said temporary construction easements, together with the corresponding permanent rights of way and easements to construct, install, maintain, operate, repair, replace and remove the said water line extension over, upon and across the subject tract of real estate, a copy of which said construction drawing depicting the same as burdening the subject tract of real estate, being identified as “**Easement #1-05-01**” is likewise attached hereto as Exhibit B.

7. That the rights and interests in and to the subject tract of real estate to be so taken by the Petitioner in this proceeding are proposed as follows:

A 15' wide surface and sub-surface permanent easement 7-1/2' on either side of the constructed centerline on the construction maps prepared by Cerrone Associates, Inc., together with a 30' wide, 15' on either side of centerline, construction easement to lay, operate, maintain, repair replace or remove a water line across and through the lands of the Defendant, with the understanding that the right of way widths referred to shall be exclusive of any structures currently located upon the property.

8. That the Petitioner further represents that it has been unable to agree with the above named Defendant owner of the subject tract of real estate, as to what amount of money shall be paid to the Defendant for her interest, as the total sum of just compensation for acquisition of the said rights and easements over, upon and across the said real estate which is herein proposed to be taken by the Petitioner for the public use and purposes aforesaid, but that the Petitioner has heretofore offered or tendered to those said Defendant, as compensation for acquiring the aforesaid interest in and to the subject tract of real estate, the total sum of One Hundred Dollars (\$100.00), which the Petitioner estimates to be the fair market value of the rights or interests in and to the subject tract of real estate therein sought to be condemned, including all damages, in any, to the residue beyond all benefits, in any, to be derived by reason of the proposed taking. The said Defendant has either failed or refused to accept the tendered offer on the grounds that the sum is

insufficient compensation for the interests in the real estate so taken and damages, or that she is otherwise unwilling to grant the proposed temporary and permanent rights of way and easements. The Petitioner, therefore, institutes this proceeding under the provisions of Chapter 54, Article 1, Section 2(a)(4), *et seq.*, of the West Virginia Code, as amended.

9. That the Petitioner believes that there are, or may be, a sum of money due and owing to the Sheriff and Treasurer of Ritchie County, for the amount of the unpaid 2014 county real estate taxes, assessed on the subject tract, which said taxes would constitute a statutory lien thereupon until paid; and, that the public interest in the payment of said taxes should be protected in this taking.

PRAYER FOR RELIEF

Now, therefore, the Petitioner prays:

(1) That this Court determine the Petitioner has the right to condemn and appropriate for public use such part or portion of the subject tract of real estate as is required for the said temporary construction easements, together with the corresponding permanent rights of way and easements to construct, install, maintain, operate, repair, replace and remove a water line extension over, upon and across the same.

(2) That the Court shall permit the Petitioner to deposit or pay into Court, to the Clerk of this Court, the amount which it has estimated to be the fair market value of the rights or interests in the said property or estate therein, which the Petitioner is seeking to condemn, including the damages, if any, to the residue beyond the benefits, if any, to such residue, by the reason of the taking, in accordance with the provisions of Chapter 54, Article 2, Section 14a of the West Virginia Code, as amended, and that after such deposit that the Court will permit said land sought to be condemned to be at once entered upon, possessed, appropriated and used by the Petitioner, for the purposes stated in this Petition.

(3) That Commissioners be appointed to ascertain a just compensation for the surface of the land owned by the Defendant as more particularly described herein and proposed to be taken, appropriated and used, for the public purposes and uses aforesaid, together with damages, if any, to the residue of the respective parcel from which the rights or interests to be acquired are taken beyond all benefits, in any, which may be derived in respect to such residue for the purposes to which the parcel is to be taken, appropriated and used.

(4) That such other and further proceedings as may be had in the premises as shall conform to law, and upon final payment by the Petitioner of the just compensation thus ascertained, such part or portion of the subject tract of real estate as is required for the said temporary construction easements, together with the corresponding permanent rights of way and easements to construct, install, maintain and operate a water tank access road and a water line extension alongside the said access road over, upon and across the same as is sought to be condemned may be vested in the Petitioner, clear of any liens and encumbrances.

(5) That this Court protect the interests of the Defendant(s) herein as set forth in the Petition.

(6) That the Petitioner be granted such other and further relief, both general and special, which as this Court may seem just and proper.

**THE TOWN OF HARRISVILLE,
a municipal corporation created by and existing
under the laws of the State of West Virginia,
PETITIONER,**

By Counsel.

Rodney C Windom

RODNEY C. WINDOM

W.Va. State Bar #4091

Windom Law Offices

101 East Main Street

Harrisville, West Virginia 26362

Telephone No. (304) 643-4440

Facsimile No. (304) 643-2947

e-mail: rwindom@zoominternet.net

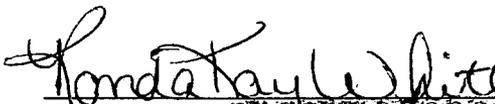
COUNSEL FOR THE PETITIONER

**STATE OF WEST VIRGINIA
COUNTY OF RITCHIE, TO-WIT:**

Alan R. Haught, Mayor of the Town of Harrisville, a municipal corporation created by and existing under the laws of the State of West Virginia, the above-named Petitioner, being first duly sworn, deposes and says that he has read the foregoing Application, or Petition, and knows the contents thereof, that the facts and allegations contained in the said Petition are true, except so far as they are therein stated to be upon information, and except so far as they are therein stated upon information he believes them to be true.


ALAN R. HAUGHT

Taken, subscribed and sworn to before me, the undersigned authority, on this 23rd day of July, 2014.


Notary Public


NOTARY PUBLIC OFFICIAL SEAL
STATE OF WEST VIRGINIA
RONDA KAY WHITE
303 SOUTH COURT STREET
HARRISVILLE, WV 26041
MY COMMISSION EXPIRES FEB. 20 2017

{Affix Notarial Seal}

201300001320
Filed for Record in
RITCHIE COUNTY, WV
TRACIE D. MCDONALD, COUNTY CLERK
03-28-2013 At 11:29 am.
DEED 19.00
Book 319 Page 228 - 235

THIS DEED, made this 06 day of March, 2013, by and between CARL E. EXLINE, JR., as Trustee of the Anne G. Exline Revocable Trust, party of the first part, and LETA E. BECK, as Beneficiary of the Anne G. Exline Revocable Trust, party of the second part;

WITNESSETH:

That for and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable consideration not herein mentioned, the receipt and sufficiency of all of which is hereby acknowledged, the said party of the first part does here by GRANT and CONVEY unto the said party of the second part, the surface only of the following eight (8) tracts of real estate, together with the improvements thereon and the appurtenances thereunto belonging, situated in Ritchie County, West Virginia, and being more particularly bounded and described as follows:

FIRST TRACT: A tract of land containing 40 acres, more or less, on the waters of Elijah Smith's Run, of the South Fork of Hughes River, in Murphy District and bounded and described as follows:

- (1) BEGINNING at a small poplar, a corner to William Mitchell's 50 acre survey, standing on the north bank of Smith's Run; thence up said run with the reverse of two of Cyrus Washburn's lines, N . 54 W. 140 poles to a stake and pointers; thence leaving said Washburn's line, due East 137 poles to a stake; thence with the said William T. Mitchell's 50 acre survey, S. 98 poles to the place of beginning, containing 40 acres, be the same more or less.

**EXHIBIT
A**

Mail: Leta Beck, 114 Crystal Lake Road, West Union, WV 26456

[Parcel Identification No. 7-0003-0000-0000]

SECOND TRACT: A tract of land containing 70-1/4 acres, more or less, which is the remainder of an original tract of 80-1/2 acres, on the waters of the South Fork of Hughes River, in Murphy District, bounded and described as follows:

(1) BEGINNING at a small poplar on the north bank of Smith's Run, thence East 80 poles to a stake in a line of Cox and Parker; thence South 128 poles to a stake; thence West 90 poles to a stake in a line of H. Lowe; thence North with his line 44 poles; thence West 44 poles; thence North 48 poles to a stake in Washburn's line; thence N. 85 E. 32 poles to a stake; thence North 32 E. 40 poles, crossing Smith's Run to the place of beginning, containing 80-1/2 acres, be the same more or less; but there has been conveyed from the above tract by Newton Washburn, and to be deducted from the acreage thereof, that certain tract of real estate bounded and described as follows: BEGINNING at a stake, corner to A. F. Robinson, thence East 44 poles to a stake and W. O. pointers; thence N. 27-3/4 W. 48 poles to stone and pointers in Cyrus Washburn line, and with the same S. 85 W. 24-1/2 poles to pointers; thence S. 48 poles to the place of beginning, containing 10-1/4 acres, be the same more or less; thus leaving a tract of 70-1/4 acres of said original tract of 80-1/2 acres.

[Parcel Identification No. 7-0003-0001-0000]

THIRD TRACT: A tract of land containing 11-64/160 acres, more or less, on the waters of Wolf Pen Run, a Fork of Slab Creek, in Union District, bounded and described as follows:

(1) BEGINNING at a stake and two gum pointers in Bank's line, S. 85-1/2 E. 114 poles to a stake and pointers in O. G. Mitchell's line; N. 25-1/4 W. 9 poles to a stake and pointers; N. 73 W. 91-1/3 poles to stake and pointers; S. 46 W. 34 poles and 16 links to the place of beginning, containing 11-64/160 acres, be the same more or less.

[Parcel Identification No. 23-0035-0000-0000]

The aforesaid First Tract, Second Tract and Third Tract is hereby conveyed as to surface only, and subject to all prior reservations of oil, gas and minerals, but the party of the second part, and their heirs and assigns, is hereby granted and shall have the usual and customary right to the use of free gas for domestic purposes on said premises, as is usually provided for in oil and gas leases.

The hereinabove First Tract, Second Tract and Third Tract was conveyed unto Anne G. Exline and Carl E. Exline, Jr., as Co-Trustees of the Anne G. Exline Revocable Trust, by Anne G. Exline, widow, by deed bearing the date 6th day of April, 2006, of record in the aforesaid Clerk's Office in Deed Book 295 at page 551. Anne G. Exline died January 5, 2011, a resident of Florida, and Carl E. Exline, Jr. signs as Trustee of the Trust.

FOURTH TRACT: A tract of land containing 70-3/4 acres, more or less, situated on the waters of Wolf Pen Run, a Fork of Slab Creek, in Union District, bounded and described as follows:

BEGINNING at a hickory on ridge, thence S. 3 W. 67 poles to a stone in Wolfe's line; thence S. 89 E 114-2/5 poles to a dogwood pointer in Wolfe line; thence N. 46 E. 80 poles to a stone; thence N. 89 W. 80-2/5 poles to pointers; thence N. 3 E. 29 poles to a chestnut stump in Hardbarger line; thence N. 76-1/2 W. 25 poles to a stake; thence S. 83-1/2 W. 35 poles to a stake; thence S. 65-1/2 W. 34-1/2 poles to the place of beginning, containing 70-3/4 acres, more or less. This said tract containing 70-3/4 acres, more or less, is the same real estate described in a deed dated the 10th day of September, 1947, from Hubert Hardbarger and Thelma Hardbarger, husband and wife, to Alva Davis and Etta S. Davis, husband and wife.

[Parcel Identification No. 23-0034-0000-0000]

FIFTH TRACT: A tract of land containing 15-1/2 acres, more or less, which is the remainder of an original tract of 16-1/2 acres, more or less, situated on the waters of Wolf Pen Run, a Fork of Slab Creek, in Union District, bounded and described as follows:

BEGINNING at a large chestnut oak pointer, S. 87 E. 51 poles to a stone on the ridge, a corner of lands of L. A. Reed; thence N. 6-1/2 E. 32-1/2 poles to pointers; thence N. 57 E. 14 poles; thence N. 43 E. 18 poles; thence N. 18 E. 14 poles to a corner of dower lot; thence S. 66-1/2 W. 88 poles to a chestnut; thence S. 3 W. 29-1/2 poles to the place of beginning, containing 16-1/2 acres, more or less.

There has been conveyed from the Fifth Tract hereinabove by party of the first part, and to be deducted from the acreage thereof, 1 acre, more or less, described as follows: It is understood and acknowledged that there is included within the above described 16-1/2 acre tract, that certain parcel of real estate containing one acre, more or less, which was conveyed to the Board of Education by P. E. Hardbarger, by deed dated the 10th day of August, 1918, of record in the aforesaid Clerk's Office in Deed Book 78 at page 306. Said one acre parcel of real estate was conveyed to Orval Ray Hardbarger and Freda Jane Hardbarger, husband and wife, by the Board of Education of Ritchie County by deed dated the 29th day of October, 1963, of record in the said Clerk's Office in Deed Book 147 at page 472.

[Parcel Identification No. 23-0034-0001-0000]

SIXTH TRACT: A tract of land containing 6 acres, more or less, situated on the waters of Wolf Pen Run, a Fork of Slab Creek, in Union District, bounded and described as follows:

BEGINNING at the road at the corner of the Hawkins and J. E. Hardbarger lands; thence S. 13-1/2 W. 41-3/4 poles to a stone; thence N. 66-1/2 E. 37 poles to a stone; thence N. 35 E. 10 poles

to the road ; thence with the road N. 1 E. 13 poles; thence N. 87-1/2 W. 12 poles; thence N. 77-1/2 W. 18-1/8 poles to the place of beginning, containing six (6) acres, more or less.

[Parcel Identification No. 23-0034-0002-0000]

The aforesaid Fourth Tract, Fifth Tract and Sixth Tract is hereby conveyed as to surface only, and subject to all prior reservations of oil, gas and minerals, but the party of the second part, and their heirs and assigns, is hereby granted and shall have the usual and customary right to the use of free gas for domestic purposes on said premises, as is usually provided for in oil and gas leases.

The hereinabove Fourth Tract, Fifth Tract and Sixth Tract was conveyed unto Anne G. Exline and Carl E. Exline, Jr., as Co-Trustees of the Anne G. Exline Revocable Trust, by Anne G. Exline, widow, by deed bearing the date 6th day of April, 2006, of record in the aforesaid Clerk's Office in Deed Book 295 at page 544. Anne G. Exline died January 5, 2011, a resident of Florida, and Carl E. Exline, Jr., signs as Trustee of the Trust.

SEVENTH TRACT: A tract of land containing 17-3/4 acres, more or less, situated on the waters of Two Lick Run, in Union District, bounded and described as follows:

BEGINNING at a stone pile on the ridge a corner of lands of A. F. Mullenax; thence due West 20-1/2 poles to a stone pile; thence S. 3-1/4° W. 85 poles to a stone near the barn; thence N. 70° E. 1-1/2 poles; thence S. 73-1/2° E. 26 poles to a stone; thence N. 12 E. 72 poles to a stone and pointers; N. 37° W. 27 poles to the place of beginning, containing seventeen and three-fourths (17-3/4) acres, more or less.

This Seventh Tract is conveyed subject to the provisions contained in a deed executed by Martha A. Jordan and husband Freer Jones, dated the 14th day of February, 1931, of record in the office of the Clerk of the County Court of Ritchie County, West Virginia in Deed

Book 97, at page 348; thereof, which provisions shall extend to the said Carl E. Exline and Anne G. Exline, parties of the second part herein, their heirs and assigns, and which is in the language following:

"In the event a paying gas well is drilled on said property, the party of the second part is to have free gas for domestic purposes only for one dwelling house on said premises."

[Parcel Identification No. 23-0019-0000-0000]

EIGHTH TRACT: A tract of land containing 18 acres, more or less, situated on the waters of Two Lick Run, in Union District, bounded and described as follows:

(1) BEGINNING at a hickory, thence N. 53 W. 20 poles to a W. O. and pointers; thence N. 23 W. 10 poles to a stone; thence N. 40-1/2 W. 16-3/5 poles to a stone; thence N. 37 W. 22 poles to a stone and pointers, a corner to Lot No.1; thence S. 12 W. 72 poles to a stone in the County Road; thence with three lines of said road S. 77 E. 18 poles; S. 87-1/2 E. 12 poles; S. 3 W. 13 poles; thence N. 79-1/2 E. 12 poles; thence due East 8-1/5 poles; thence S. 82 E. 7 poles to a stone; thence N. 2-1/2 E. 32 poles to the beginning, containing eighteen (18) acres, more or less.

[Parcel Identification No. 23-0019-0001-0000]

The aforesaid Seventh Tract and Eighth Tract is hereby conveyed as to surface only, and subject to all prior reservations of oil, gas and minerals, but the party of the second part, and their heirs and assigns, is hereby granted and shall have the usual and customary right to the use of free gas for domestic purposes on said premises, as is usually provided for in oil and gas leases.

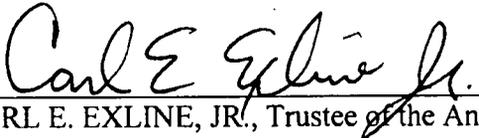
The hereinabove Seventh Tract and Eighth Tract was conveyed unto Anne G. Exline and Carl E. Exline, Jr., as Co-Trustees of the Anne G. Exline Revocable Trust, by Anne

G. Exline, widow, by deed bearing the date 6th day of April, 2006, of record in the aforesaid Clerk's Office in Deed Book 295 at page 531. Anne G. Exline died January 5, 2011, a resident of Florida, and Carl E. Exline, Jr., signs as Trustee of the Trust.

The party of the first part covenants that he will WARRANT GENERALLY the title to the parcels of real property hereby conveyed, and that the same are free of liens and encumbrances, subject, however, to the reservation and exception hereinabove set out and, subject further, to the lien for unpaid real property taxes and assessments due on said land, if any, the said party of the first part covenants with the said party of the second part that he will WARRANT GENERALLY the property hereby conveyed and that the same is free and clear of all liens and encumbrances.

DECLARATION OF CONSIDERATION OR VALUE: Under the penalties of fine and imprisonment as provided by law, the party of the first part does hereby declare that this conveyance is exempt from the excise tax on the privilege of transferring real property under West Virginia Code §11-22-1 for the reason that it is a conveyance from a trust to a trust beneficiary.

WITNESS the following signature.


CARL E. EXLINE, JR., Trustee of the Anne
G. Exline Revocable Trust

STATE OF FLORIDA,

COUNTY OF BREVARD, TO-WIT:

The foregoing instrument was acknowledged before me this 6th day of March, 2013, by Carl E. Exline, Jr., Trustee of the Anne G. Exline Revocable Trust.

Given under my hand and official notarial seal



SHARON J. BRUCKER
MY COMMISSION # EE 023792
EXPIRES: October 14, 2014
Bonded Thru Budget Notary Services

My commission expires: _____

Sharon J. Brucker
Notary Public

Instrument prepared without benefit of title examination by:
J. Nichols Barth
WV State Bar #255
BARTH & THOMPSON
P. O. Box 129
Charleston, WV 25321

201300001320
CARL E EXLINE JR
P O BOX 236051
COCOA FL 32923

REAL ESTATE TAX BOOK
STATE OF WEST VIRGINIA

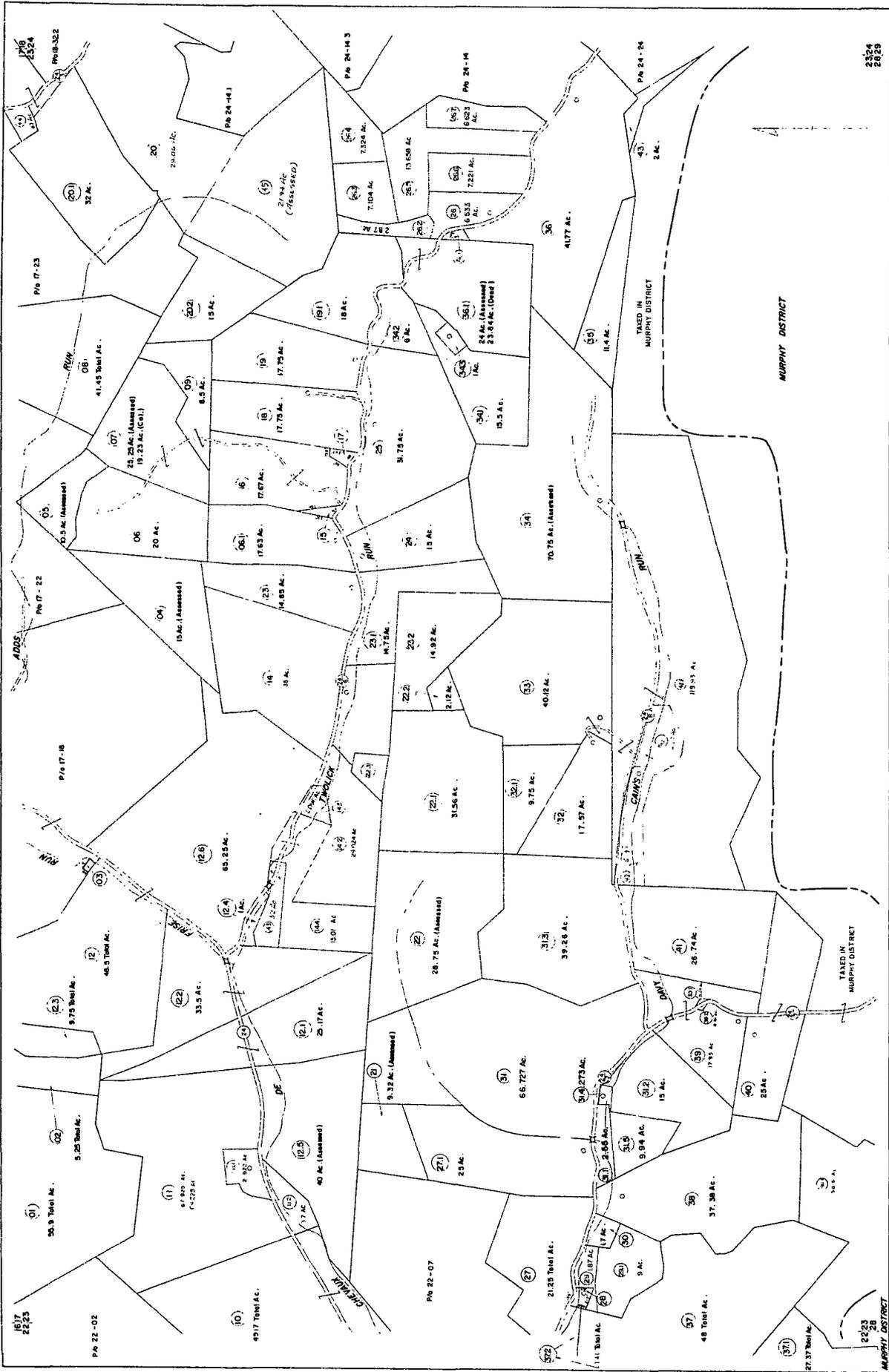
STC 12-21

PAGE NUMBER	COUNTY	DISTRICT	TAX YEAR	ASSESSED JULY 1	CLASS	TAX RATE	CLASS	TAX RATE	TAX RATE
1583	RIITCHIE	10 UNION DISTRICT	2014	2013	2	0.0111440	3	0.0222880	

TICKET NUMBER ACCOUNT NUMBER	TAXPAYER NAME JOINT TAXPAYER NAME HOMESTEAD EXEMPTION	MAP PARCEL SUFFIX - SPLIT DEED BOOK - PAGE	PROPERTY DESCRIPTION	LEND. INST. COMB. ACCTS. FORF. AMT.	ASSESSED VALUE			TAX	
					LAND MINERAL BUILDING	GROSS HOMESTEAD NET	L A S	C	H
25011	BECK EDDY D	9999-0000 1099-0000 288-894	1/8 OGM 41.45 AC CHEVAUXDEFRISE		940	940	940	3	1048
25012	BECK EDDY D, ELMER EARL & JAMES A	9999-0000 1092-0000 240-4	1/4 OGM 61 AC BEAR RUN		900	900	900	3	1003
25013	BECK EDDY D., ELMER EARL & JAMES A	21-0009 0000-0000 240-4	BEAR RUN 91 PO FEE		120 10	130	130	2	73
00000000		21-0005 0000-0000 240-4	BEAR RUN 65.92 AC 65 AC 147 P SUR B		37740	38640	38640	2	21530
25014	BECK EDDY D., ELMER EARL & EDDY D	21-0010 0002-0000 0-0	7/8 SURF 30.75 AC BEAR RUN		14960	14960	14960	2	8336
25015	BECK JAMES A, ELMER EARL & EDDY D	21-0010 0000-0000 0-0	7/8 SURF 33.77 AC BEAR RUN		16490	18960	18960	2	10565
25016	BECK JAMES A, ELMER EARL & EDDY D	23-0019 0000-0000 319-228	TWO LICK RUN 17.75 AC SUR B		1140	1140	1140	2	635
25017	BECK LETA E	23-0019 0001-0000 319-228	TWO LICK RUN 18 AC SUR		1140	1140	1140	2	635
00000000		23-0034 0000-0000 319-228	CHEVAUXDEFRISE 70 3/4 AC SUR		4620	4620	4620	2	2575
25019	BECK LETA E	23-0034 0001-0000 319-228	TWO LICK RUN 15.5 AC SUR		1020	1020	1020	2	569
00000000		23-0034 0002-0000 319-228	TWO LICK RUN 6 AC SUR		420	420	420	2	234
25021	BECK LETA E	23-0035 0000-0000 319-228	WOLFE PEN RUN 11.4 AC SUR		780	780	780	2	435
00000000		9999-0100 0525-0000 319-267	1/3 OGM 104 AC WOLFE PEN		2670	2670	2670	3	2976
25022	BECK LETA E	9999-0100 0528-0000 3192-	1/6 OGM 18 AC TWO LICK RUN		500	500	500	3	557
00000000		9999-0100 0529-0000 319-285	1/24 OGM 122 AC S.F.H.R.		130	130	130	3	145
25023	BECK LETA E	9999-0001 1311-0000 0-0	1/5 OGM 39.65 AC WTS BEAR RUN		300	300	300	3	335
25024	BECK LETA E				300	300	300	3	335
25025	BECK LULA								

ASSESSMENT TOTALS			PENALTY AMOUNT:			FOREFEIT AMOUNT:			TAX TOTALS		
CLASS - LAND	CLASS - MINERAL	HOMESTEAD EXEMPTION	CLASS - LAND	CLASS - MINERAL	CLASS - IMPROV.	CLASS - LAND	CLASS - MINERAL	CLASS - TOTAL	CLASS - HALF YEAR	CLASS - HALF YEAR	TOTAL 1/2 YEAR
2	78,430.2	10	3	5,440.2		3	5,440.2	3	455.87		516.51
2	3,370.2	81,810	3	5,440.3		3	5,440.3	3	60.64		1,033.02
CLASS - IMPROV.		NET CLASS 2	CLASS - IMPROV.			CLASS - TOTAL		CLASS - HALF YEAR		TOTAL FULL YEAR	

* - BACK TAX
P - PENALTY
F - FORFEITURE
U - FRM USE/TT



NO.	DATE	REVISION
1	10/15/23	Initial
2	11/15/23	Revised
3	12/15/23	Revised
4	1/15/24	Revised
5	2/15/24	Revised
6	3/15/24	Revised
7	4/15/24	Revised
8	5/15/24	Revised
9	6/15/24	Revised
10	7/15/24	Revised
11	8/15/24	Revised
12	9/15/24	Revised
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50	11/15/27	Revised
51	12/15/27	Revised
52	1/15/28	Revised
53	2/15/28	Revised
54	3/15/28	Revised
55	4/15/28	Revised
56	5/15/28	Revised
57	6/15/28	Revised

NO.	DATE	REVISION
1	10/15/23	Initial
2	11/15/23	Revised
3	12/15/23	Revised
4	1/15/24	Revised
5	2/15/24	Revised
6	3/15/24	Revised
7	4/15/24	Revised
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48	9/15/27	Revised
49	10/15/27	Revised
50	11/15/27	Revised
51	12/15/27	Revised
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53	2/15/28	Revised
54	3/15/28	Revised
55	4/15/28	Revised
56	5/15/28	Revised
57	6/15/28	Revised

FOR TAX PURPOSES ONLY

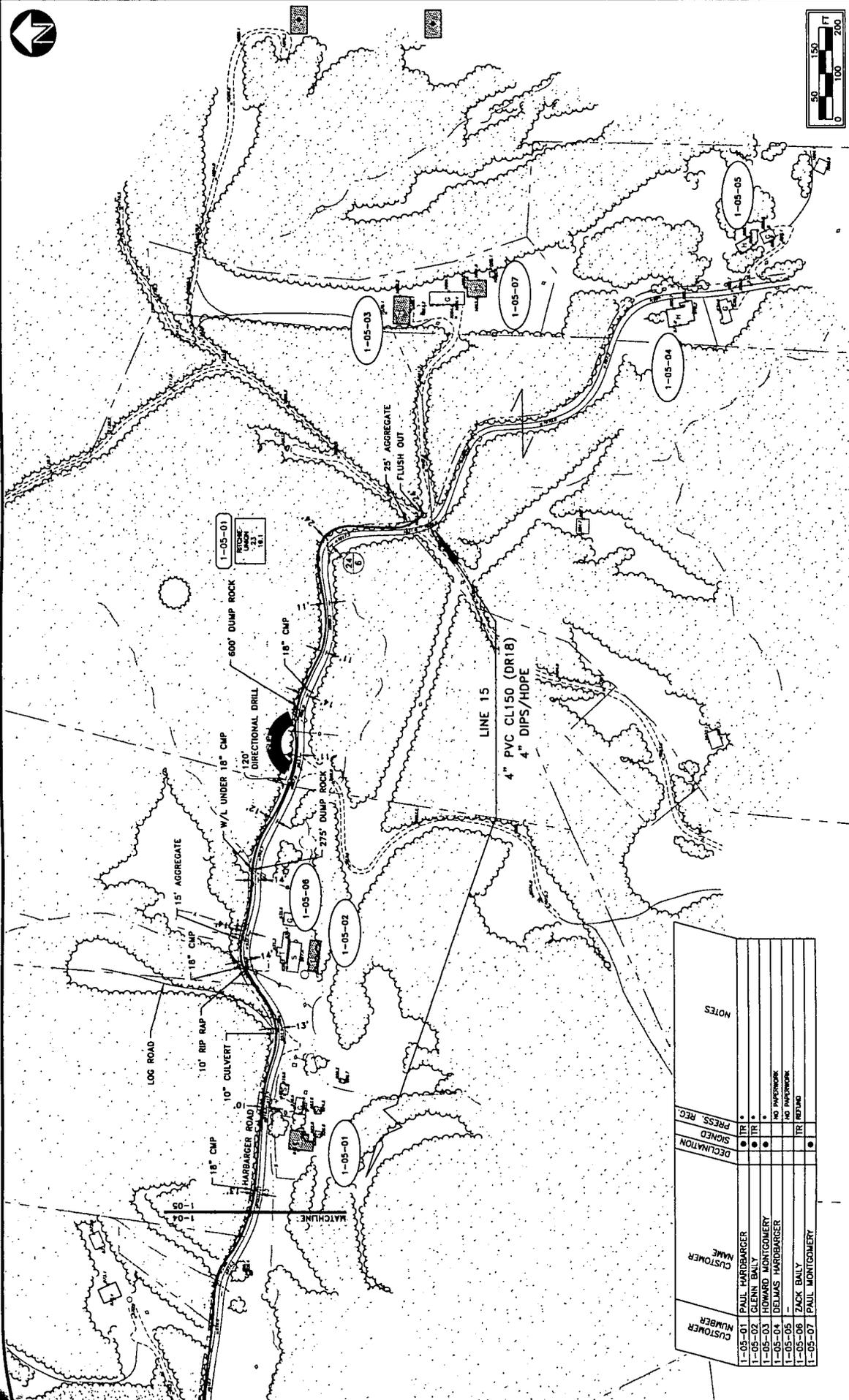
Prepared by
L. ROBERT HUMBALL
 Consulting Engineer
 Charleston, West Virginia

STATE OF WEST VIRGINIA
 RITCHIE COUNTY
 Office of Assessor

UNION DISTRICT
 SHEET 23

Date Aerial Photograph used, 1928
 Photo No. 111-12

2324
 2829



SCALE GRAPHIC
PROJECT NO. HA40-10W
DRAWING NO. 1-05

PROJECT TITLE
TOWN OF HARRISVILLE
RITCHIE COUNTY, WEST VIRGINIA
CHEVAUX DE FRISE EXTENSION
HARBARGER ROAD COUNTY ROUTE 24/6
LINE NO. 15



FIELD LAYOUT J.C. JICK
DRAWING J.C. JICK
CHECKED BY J.C. JICK
REVISIONS BY J.C. JICK
DATE 7/25/13

CERRONE ASSOCIATES, INC.
CONSULTING ENGINEERS • WATER & WASTEWATER SYSTEMS
401 MAIN STREET, WHEELING, WV 26003-3487



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CUSTOMER NUMBER	CUSTOMER NAME	DECLINATION	SIGNED	PRESS. REC.	NOTES
1-05-01	PAUL HARBARGER	TR			
1-05-02	GLENN BAILY	TR			
1-05-03	HOWARD MONTGOMERY				
1-05-04	DELMAS HARBARGER				
1-05-05	ZACK BAILY				
1-05-06	ZACK BAILY	TR			
1-05-07	PAUL MONTGOMERY				