

**TOWN OF OCEANA**

**Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)**

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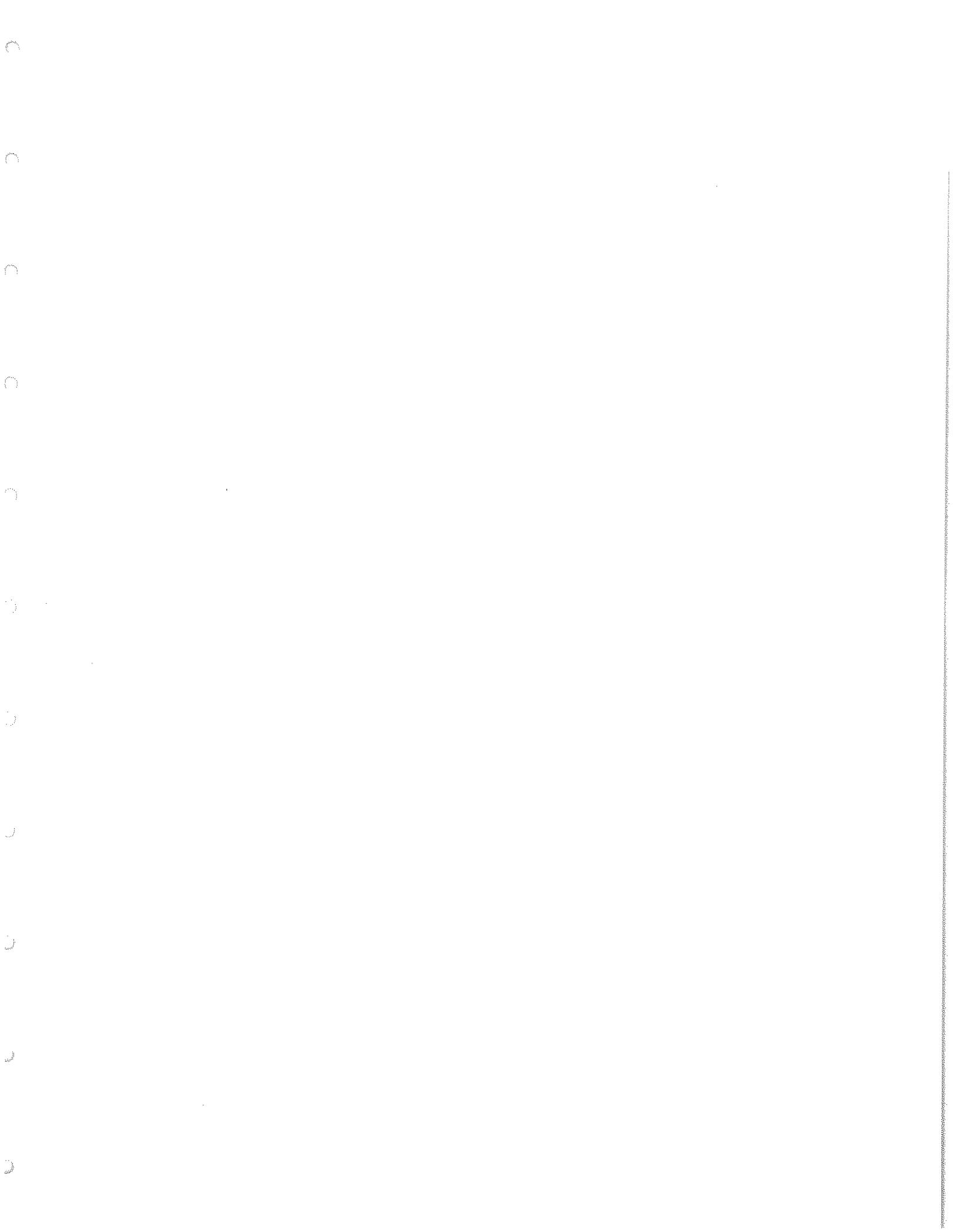
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**TOWN OF OCEANA**

**SEWER REVENUE BONDS,  
SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND  
SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND)**

**BOND ORDINANCE**

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TOWN OF OCEANA

ORDINANCE AUTHORIZING THE REFUNDING OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF OCEANA AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF OCEANA AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$5,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN \$7,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 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 LOAN AGREEMENTS RELATING TO 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 OCEANA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01.      Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02.      Findings. It is hereby found, determined and declared that:

A.    The Town of Oceana (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Wyoming County of said State.

B.    The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of a new wastewater treatment facility and extensions to approximately 978 new customers in the Kopperston, Lillydale, Lilly Haven and Turkey Dip areas, all of which are outside the Issuer's corporate limits, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C.    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 West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund and the West Virginia Infrastructure Fund pursuant to the Act.

D.    The Issuer has determined that, by refunding its outstanding Sewerage System Design Revenue Bonds, Series 1996 A (West Virginia SRF Program), dated August 20, 1996, issued in the original principal amount of \$556,000 (the "Series 1996 A Bonds"), it can achieve significant savings in debt service. The entire principal of and all interest accrued on the Series 1996 A Bonds will be paid in full with the proceeds of the Series 2000 B Bonds on the date of issuance thereof.

E.    It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$13,300,000 in two series (collectively, the "Series 2000 Bonds"), being the Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), in the aggregate principal amount of not more than \$5,700,000 (the "Series 2000 A Bonds"), and the Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$7,600,000 (the "Series 2000 B Bonds"), to permanently finance costs of acquisition and construction of the Project and to pay in full the Series 1996 A Bonds. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or

convenient therefor; interest upon the Series 2000 Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); amounts payable to the holder of the Series 1996 A Bonds to currently refund the Series 1996 A Bonds, engineering 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 expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2000 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 same in operation, the refunding of the Series 1996 A Bonds 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 2000 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

F. The period of usefulness of the System after completion of the Project is not less than 40 years.

G. It is in the best interests of the Issuer that its Series 2000 A Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), and its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2000 Bonds as to liens, pledge, source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 2000 Bonds as follows:

<u>Designation</u>	<u>Lien Position</u>
Sewer Revenue Bonds, Series 1992 A, dated November 18, 1992, issued in the original aggregate principal amount of \$952,364 (the "Series 1992 A Bonds")	First Lien

Sewer Revenue Bonds, Series 1992 B,  
dated November 18, 1992, issued in the  
original aggregate principal amount of  
\$31,746 (the "Series 1992 B Bonds")

Second Lien

The Series 1992 A Bond and the Series 1992 B Bond are hereinafter collectively called the "Prior Bonds". The ordinances which authorized the issuance of the Prior Bonds are herein referred to as the "Prior Ordinances".

The Series 2000 Bonds shall be issued on a parity with the Series 1992 A Bond, and senior and prior to the Series 1992 B Bond with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2000 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met; (ii) the written consent of the Holder of the Series 1992 A Bonds to the issuance of the Series 2000 Bonds on a parity with the Series 1992 A Bonds; and (iii) the written consent of the Holder of the Series 1992 B Bonds to the issuance of the Series 2000 Bonds on a senior and prior basis to the Series 1992 B Bonds. Following the refunding of the Series 1996 A Bonds and 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.

I. 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 costs of operation and maintenance of the System and the principal of and interest on the Series 2000 Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, the refunding of the Series 1996 A Bonds and issuance of the Series 2000 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof, by the Council and obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 Bonds or such final order will not be subject to appeal.

K. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2000 Bonds for the purposes set forth herein.

L. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 Bonds by 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 Bondholders, 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 Bondholders of any and all of such Series 2000 Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP and the Council under the Act.

"Authorized Officer" means the Mayor of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

"Board" means the Sanitary Board of the Issuer.

"Bondholder," "Holder of the Bonds," "Holder," "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.

"Bond Legislation," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2000 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Closing Date" means the date upon which there is an exchange of the Series 2000 Bonds for all or a portion of the proceeds of the Series 2000 Bonds from the Authority.

"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 of West Virginia that succeeds to the functions of the Commission.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" means Dunn Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of refunding the Series 1996 A Bonds and of 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.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the council of the Issuer, as it may now or hereafter be constituted.

"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, as hereinafter defined, 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).

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Independent Certified Public Accountant" 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.

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the

Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means the Town of Oceana, a municipal corporation and political subdivision of the State of West Virginia, in Wyoming County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, collectively, the Bond Purchase Agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2000 A Bonds from the Issuer by the Authority, and the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2000 B Bonds from the Issuer by the Authority, the forms 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 2000 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. 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 2000 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 hereinafter defined.

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" shall mean 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, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as hereinafter defined), 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, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond canceled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity designated as such for the Series 2000 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1992 A Bonds and the Series 1992 B Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted on October 28, 1992, as supplemented by the supplemental resolution of the Issuer adopted October 28, 1992, authorizing the issuance of the Series 1992 A Bonds and the Series 1992 B Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

"Project" means the Project as described in Section 1.02B hereof.

"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; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) 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;

(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 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 holder 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 Chapter 12, Article 6 of the West Virginia Code of 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 Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

"Registered Owner," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond or Bonds, the person in whose name such Bond is registered.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2000 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2000 Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 1992 A Bonds" means the Issuer's Sewer Revenue Bonds, dated November 18, 1992, described in Section 1.02G hereof.

"Series 1992 B Bonds" means the Issuer's Sewer Revenue Bonds, dated November 18, 1992, described in Section 1.02G hereof.

"Series 2000 A Bonds Construction Trust Fund" means the Series 2000 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established in the Series 2000 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 A Bonds in the then current or any succeeding year.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 B Bonds" means the Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2000 B Bonds Construction Trust Fund" means the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 B Bonds Reserve Account" means the Series 2000 B Bonds Reserve Account established in the Series 2000 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 B Bonds in the then current or any succeeding year.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2000 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2000 A Bonds.

"SRF Program" means the West Virginia Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2000 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2000 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2000 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Accounts.

"System" means, collectively, the complete existing municipal sewage treatment and collection system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any 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; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND THE REFUNDING OF THE SERIES 1996 A BONDS

Section 2.01. Authorization of Acquisition and Construction of the Project and the Refunding of the Series 1996 A Bonds. There is hereby authorized and ordered the refunding of the Series 1996 A Bonds and the acquisition and construction of the Project, at an estimated cost of \$13,475,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 Bonds hereby authorized 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, compatible with the financing plan submitted to the DEP, the Council and the Authority.

The cost of the Project is estimated not to exceed \$13,475,000, of which approximately \$5,700,000 will be obtained from proceeds of the Series 2000 A Bond, approximately \$7,600,000 will be obtained from proceeds of the Series 2000 B Bonds and approximately \$175,000 from a grant by the Council.

The cost of refunding the Series 1996 A Bonds is estimated to be \$488,230, which will be obtained from proceeds of the Series 2000 B Bonds.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 Bonds, funding the respective reserve accounts for the Series 2000 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2000 Bonds of the Issuer. The Series 2000 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program)," in the principal amount of not more than \$5,700,000, and "Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)," in the principal amount of not more than \$7,600,000 and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2000 A Bonds Construction Trust Fund and Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, 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 a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 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 on the Series 2000 Bonds, if any, 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 2000 Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 2000 Bonds. The Series 2000 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 the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest, if any, as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2000 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2000 Bonds shall cease to be such officer of the Issuer before the Series 2000 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 Series 2000 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. Authentication and Registration. No Series 2000 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 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2000 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 Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2000 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder 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 the Series 2000 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2000 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2000 Bonds or transferring the registered Series 2000 Bonds are exercised, all Series 2000 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2000 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2000 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2000 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2000 Bonds or, in the case of any proposed redemption of Series 2000 Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06.      Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate 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 Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar 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 3.07.      Bonds not to be Indebtedness of the Issuer. The Series 2000 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 Net Revenues derived from the System as herein provided. No

Holder or Holders of the Series 2000 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 Bonds or the interest, if any, thereon.

Section 3.08.      Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1992 A Bonds, and senior and prior to the lien on such Net Revenues in favor of the Holders of the Series 1992 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 3.09.      Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2000 Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2000 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 2000 Bonds.

Section 3.10.      Form of Bonds. The text of the Series 2000 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2000 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF OCEANA  
SEWER REVENUE BOND, SERIES 2000 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-\_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF OCEANA, a municipal corporation and political subdivision of the State of West Virginia in Wyoming 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, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. 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").

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 Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated \_\_\_\_\_, 2000.

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 public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the

Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further 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 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2000, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2000 (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) SEWER REVENUE BONDS, SERIES 1992 A, DATED NOVEMBER 18, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$952,364 (THE "SERIES 1992 A BONDS"); AND (2) SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED \_\_\_\_\_, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ (THE "SERIES 2000 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENTS AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1992 B (THE "SERIES 1992 B BONDS"), DATED NOVEMBER 18, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$31,746.

THE SERIES 1992 A BONDS AND THE SERIES 1992 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds and the Series 1992 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the

Series 2000 A Bonds Reserve Account and unexpended proceeds of the Bonds. 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, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Series 2000 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2000 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with or junior to the Bonds, including the Series 2000 B Bonds and the Prior 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 the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (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 payment of the costs of the Project and 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.

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 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 OCEANA 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 \_\_\_\_\_, 2000.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A 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: \_\_\_\_\_, 2000.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A  
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(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 with full power of  
substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

(FORM OF SERIES 2000 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF OCEANA  
SEWER REVENUE BOND, SERIES 2000 B  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-\_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF OCEANA, a municipal corporation and political subdivision of the State of West Virginia in Wyoming 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, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. 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").

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 \_\_\_\_\_, 2000.

This Bond is issued (i) to pay in full the entire outstanding principal of and all interest accrued on the Issuer's Sewerage System Design Revenue Bonds, Series 1996 A (West Virginia SRF Program); (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series

(the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further 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 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2000, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2000 (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) SEWER REVENUE BONDS, SERIES 1992 A, DATED NOVEMBER 18, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$952,364 (THE "SERIES 1992 A BONDS"); AND (2) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED \_\_\_\_\_, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ (THE "SERIES 2000 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1992 B (THE "SERIES 1992 B BONDS"), DATED NOVEMBER 18, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$31,746.

THE SERIES 1992 A BONDS AND THE SERIES 1992 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds and the Series 1992 A Bonds and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2000 B Bonds Reserve Account and unexpended proceeds of the Bonds. 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, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Series 2000 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2000 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with or junior to the Bonds, including the Series 2000 A Bonds and the Prior 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 the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (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 payment of the costs of the Project and 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.

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 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 OCEANA 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 \_\_\_\_\_, 2000.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: \_\_\_\_\_, 2000.

ONE VALLEY BANK,  
NATIONAL ASSOCIATION,  
as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(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 with full power of  
substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11.      Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 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, is hereby approved and incorporated into this Bond Legislation.

Section 3.12.      "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the DEP and the Council, the respective schedules, the forms of which will be provided by the DEP and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

## ARTICLE V

### FUNDS AND ACCOUNTS; 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 established by the Prior Ordinances) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Ordinances);
- (2) Operation and Maintenance Fund (established by the Prior Ordinances);
- (3) Renewal and Replacement Fund (established by the Prior Ordinances);
- (4) Series 2000 A Bonds Construction Trust Fund; and
- (5) Series 2000 B Bonds Construction Trust Fund.

#### Section 5.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinances) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

- (1) Series 1992 A Bonds Sinking Fund (established by the Prior Ordinances);
- (2) Within the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account (established by the Prior Ordinances);
- (3) Series 1992 B Bonds Sinking Fund (established by the Prior Ordinances);
- (4) Within the Series 1992 B Bonds Sinking Fund, the Series 1992 B Bonds Reserve Account (established by the Prior Ordinances);
- (5) Series 2000 A Bonds Sinking Fund;
- (6) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account;

(7) Series 2000 B Bonds Sinking Fund; and

(8) Within the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account;

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and 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 provided in the Prior Ordinances and this Bond Legislation. All moneys in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, transfer from the Revenue Fund to the Operation and Maintenance Fund, the amount necessary and sufficient to pay the Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in the Series 1992 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the interest on the Series 1992 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1992 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the principal of the Series 1992 A Bonds; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 A 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 2000 A 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; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 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 2000 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.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1992 A Bond Reserve Account, the amount required by the Prior Ordinances to be deposited therein; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, if not fully funded upon issuance of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2000 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 2000 A Bonds Reserve Requirement; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, if not fully funded upon issuance of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2000 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 2000 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any 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 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 Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amount required by the Prior Ordinances to be deposited in the Series 1992 B Bonds Sinking Fund for payment of principal of the Series 1992 B Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amount required by the Prior Ordinances to be deposited in the Series 1992 B Bonds Reserve Account.

Moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall come due, when other moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account 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 respective Bond Construction Trust Funds, 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 2000 A Bonds and the Series 2000 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2000 A Bonds Reserve Account or the Series 2000 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirements shall be subsequently restored from the first Net 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 2000 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund or the Series 2000 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2000 A Bonds and the Series 2000 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

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 Series 1992 A Bonds, the Series 2000 A Bonds and the Series 2000 B Bonds, in accordance with the respective principal amounts then Outstanding, and thereafter, with respect to the Series 1992 B Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, 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 other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

C. 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), deposit with the Commission the required interest, principal and reserve account payments with respect to the Series 2000 Bonds 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also 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 SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2000 A Bonds.

D. 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 along with a copy of its payment check to the Authority by the 5th day of such calendar month.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of the 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, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. The Gross Revenues of the System shall only be used for purposes of the System.

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01.      Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2000 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 A Bonds, there shall first be deposited with the Commission in the Series 2000 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. From the proceeds of the Series 2000 B Bonds, there shall first be deposited with the Commission in the Series 2000 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

C. Next, from the proceeds of the Series 2000 A Bonds, there shall be deposited with the Commission in the Series 2000 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2000 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2000 B Bonds, there shall be deposited with the Commission in the Series 2000 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2000 B Bonds Reserve Account.

E. Next, from the proceeds of the Series 2000 B Bonds, there shall be deposited with the Commission, the amount set forth in the Supplemental Resolution for paying in full the entire outstanding principal of and all interest accrued on the Series 1996 A Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 A Bonds Construction Trust Fund and applied solely to payment of the 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 2000 A Bonds.

G. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 B Bonds Construction Trust Fund and applied solely to payment of the 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 2000 B Bonds.

H. 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 2000 A Bonds shall be expended as approved by the DEP and any remaining proceeds of the Series 2000 B Bonds shall be expended as approved by the Council.

Section 6.02. Disbursements From Bond Construction Trust Fund. A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2000 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 A Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 2000 A Bonds, in compliance with the construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

(A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) 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) Each of such costs has been otherwise properly incurred; and

(D) Payment for each of the items proposed is then due and owing.

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 shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 B Bonds Construction Trust Fund shall be made only after submission to and

approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

- (a) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (b) 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) Each of such costs has been otherwise properly incurred; and
- (d) Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the respective Bond Construction Trust Funds, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

All moneys in the Series 2000 A Bonds Construction Trust Fund and the Series 2000 B Bonds Construction Trust Fund shall be kept separate and apart from each other.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of 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 Holder or Holders of the Series 2000 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2000 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2000 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 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 Holder or Holders of the Series 2000 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1992 A Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Series 1992 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. 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 the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer duly enacted on June 11, 1998.

So long as the Series 2000 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 the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2000 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, 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, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05.      Sale of the System.      So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2000 Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP, 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 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 2000 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the DEP, the Council and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2000 Bonds. Any balance remaining after the payment of the Series 2000 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission 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 therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, 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, 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 in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into such account 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, or their duly authorized representatives, 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 as provided for in Section 7.06 and 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 2000 Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 Bonds and 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 and source of and security for payment from such revenues and in all other respects, to the Series 2000 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation 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 being on a parity with the lien of the Series 2000 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2000 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority, the DEP and the Council prior written notice of its issuance 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 any other obligations related to the Project or the System.

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 Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority, the DEP and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2000 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Series 2000 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until 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 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 annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest 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 "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 enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) 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 hereinabove 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, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) 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 Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net 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 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 2000 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 2000 Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to 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 then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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 Authority, the DEP and the Council, or their 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 Authority, the DEP and the Council such documents and information as they 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 grants or other sources of financing for the Project.

Subject to the terms, conditions and provisions of 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 Authority, the DEP and the Council, or their 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 Holder of a Bond or Bonds issued pursuant to this 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 and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as the Issuer shall direct.

The Issuer shall file with the Authority, the DEP and the Council, or any other original purchaser of the Series 2000 Bonds, and shall mail in each year to any Holder or Holders of the Series 2000 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 payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2000 Bonds and shall submit said report to the Authority, the DEP and the Council, or any other original purchaser of the Series 2000 Bonds. Such audit report submitted to the Authority, the DEP and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

The Issuer shall permit the Authority, the DEP and the Council, or their 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 of the Project, the Issuer shall also provide the Authority, the DEP and the Council, or their 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 Authority, the DEP and the Council with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement for the Series 2000 A Bonds or as promulgated from time to time.

Section 7.09.      Rates. Prior to the issuance of the Series 2000 Bonds, equitable rates or charges for the use of and service rendered by the System shall 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 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 2000 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 2000 Bonds, including the Prior Bonds; provided that, in the event that

amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2000 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the or junior to Series 2000 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. 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 Authority, the DEP and the Council within 30 days of 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 registered 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 registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP, the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority, the DEP and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority,

the DEP and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the DEP 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.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority, the DEP 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. Such engineer shall certify to the Authority, the DEP, the Council and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 2000 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

Section 7.12.      No Competing Franchise. To the extent legally allowable, 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, 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 Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 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 the rules and regulations of the Public Service Commission of West Virginia, 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 the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services 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 or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14.      No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the 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 either shall avail itself or themselves 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. 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. A. The Issuer hereby covenants and agrees that so long as the Series 2000 Bonds remain Outstanding, the Issuer will, 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:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against

(5) FLOOD INSURANCE, if the System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(6) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

B. 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; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the sewerage facilities portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion

of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion 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 for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP and the Council with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, the DEP, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2000 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2000 Bonds during the term thereof is, under the terms of the Series 2000 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2000 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2000 Bonds during the term thereof is, under the terms of the Series 2000 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for

said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2000 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2000 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2000 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2000 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2000 Bonds and the interest, if any, thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest, if any, on the Series 2000 Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer shall provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 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 DEP and the Council for written approval. The Issuer shall obtain the written approval of the DEP and the Council before expending any proceeds of the Series 2000 Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP and the Council before expending any proceeds of the Series 2000 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the finding provided by the DEP, 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 ground breaking or dedication of the Project.

ARTICLE VIII  
INVESTMENTS

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 specific 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 on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or 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 reasonably 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 2000 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2000 Bonds from gross income for federal income tax purposes.

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 2000 Bonds as a condition to issuance of the Series 2000 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 2000 Bonds as may be necessary in order to maintain the status of the Series 2000 Bonds as public purpose 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 2000 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, the Council or the DEP, as the case may be, from which the proceeds of the Series 2000 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, the Council or the DEP, to ensure 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.

## 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 2000 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2000 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2000 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 Bonds, and such default shall have continued for a period of 30 days after the Issuer or Issuer, as appropriate shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer or 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

(4) 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 a Bond 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 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 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2000 Bonds shall be on a parity with those of the Holders of the Series 1992 A Bonds and senior and prior to those of the Holder of the Series 1992 B Bonds.

Section 9.03.      Appointment of Receiver. Any Registered Owner of a Bond 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 and after commencement of operation of the System, 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 with respect to such Bonds, any Registered Owner of a Bond 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 Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its 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 Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this 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 or it, 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 may be 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 of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said 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, assign, 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 or there shall otherwise be paid to the Holders of the Series 2000 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2000 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2000 Bonds from gross income for federal income tax purposes.

ARTICLE XI  
MISCELLANEOUS

Section 11.01.     Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2000 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Series 2000 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2000 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2000 Bonds from gross income of the holders thereof.

Section 11.02.     Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the 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 Ordinance 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 Ordinance, the Supplemental Resolution or the Series 2000 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 ordinances, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided

that, in the event of any conflict between this Ordinance 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, Etc. 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 adoption 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 Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

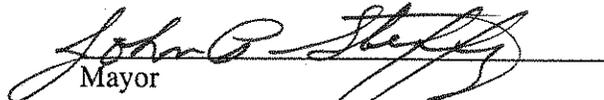
Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Independent Herald, a qualified newspaper of general circulation in the Town of Oceana, no qualified newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, 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 Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: April 18, 2000

Passed on Second Reading: May 11, 2000

Passed on Final Reading  
Following Public  
Hearing: June 8, 2000

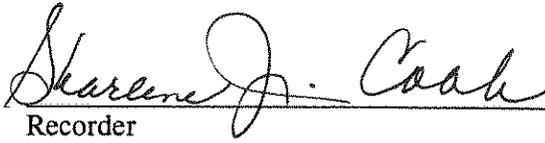
  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF OCEANA on the 8th day of June, 2000.

Dated: June 21, 2000.

[SEAL]

  
Recorder

06/21/00  
668000.97001

EXHIBIT A

Loan Agreement is included in bond transcript as Documents 3 and 4.



TOWN OF OCEANA

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF OCEANA, APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT AND LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the town council (the "Governing Body") of the Town of Oceana (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective June 8, 2000 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE REFUNDING OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF OCEANA AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF OCEANA AND THE FINANCING OF THE COST, NOT OTHERWISE

PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$5,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN \$7,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 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 LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, 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 Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) and Series 2000 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2000 A Bonds" and the "Series 2000 B Bonds"), in the respective aggregate principal amounts not to exceed \$5,700,000 and \$7,600,000, and has authorized the execution and delivery of the bond purchase agreement relating to the Series 2000 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") and the loan agreement relating to the Series 2000 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price 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 OCEANA:

Section 1. 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. The Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$5,364,000. The Series 2000 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2032, and shall bear no interest. The principal of the Series 2000 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending March 1, 2032, and 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 2000 A Bonds. The Series 2000 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, 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 2000 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2000 A Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

B. The Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$7,273,500. The Series 2000 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2040, and shall bear no interest. The principal of the Series 2000 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and

December 1 of each year, commencing June 1, 2002, and ending June 1, 2040, and 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 2000 B Bonds. The Series 2000 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 2000 B Bonds.

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.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the DEP, the Council and the Authority. 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 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the 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, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate First Century Bank, National Association, Oceana, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2000 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2000 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 A Bonds Reserve Account.

Section 9. Series 2000 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 2000 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 B Bonds Reserve Account.

Section 11. Series 2000 B Bonds proceeds in the amount of \$488,230 shall be used to pay in full the entire outstanding principal of, all interest accrued on and the administrative fee of the Series 1996 A Bonds on the date hereof.

Section 12. The balance of the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 13. 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 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about June 21, 2000, to the Authority pursuant to the Loan Agreement.

Section 14. The acquisition and construction of the Project and the financing thereof in part 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 15. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 16. 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 repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

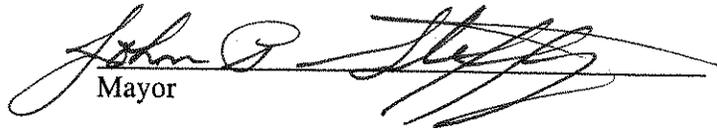
Section 17. Pursuant to Section 11.01 of the Ordinance, Article VIII of the Ordinance is hereby modified by the addition of the following section:

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 2000 Bonds as a condition to issuance of the Series 2000 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 2000 Bonds as may be necessary in order to maintain the status of the Series 2000 Bonds as public purpose 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 2000 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, the Council or the DEP, as the case may be, from which the proceeds of the Series 2000 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, the Council or the DEP, to ensure 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.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 8th day of June, 2000.

  
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council  
of the Town of Oceana on the 8th day of June, 2000.

Dated: June 21, 2000.

[SEAL]

  
Recorder

06/19/00  
668000/97001



SRF-BPA-1  
(4/6/00)

BOND PURCHASE AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND BOND PURCHASE AGREEMENT (the "Bond Purchase Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Bureau of Environment (the "DEP"), and the local government designated below (the "Local Government").

TOWN OF OCEANA

(Local Government)

WITNESSETH:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to acquire bonds of particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration: Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program:

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

WHEREAS, the Local Government is included on the DEP State Project Priority List and the Intended Use Plan and has met DEP's pre-application requirements for the Program;

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a wastewater treatment project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Government;

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program; and

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Government, DEP and the Authority hereby agree as follows:

## ARTICLE I

### Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

1.3 "Local Act" means the official action of the Local Government required by Section 4.1 hereof, authorizing the Local Bonds.

1.4 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Bond Purchase Agreement.

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

1.6 "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.

1.7 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

1.8 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.9 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations, as amended.

1.10 "System" means the wastewater treatment facility owned by the Local Government, 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.

1.11 Additional terms and phrases are defined in this Bond Purchase 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 Local Government by the Consulting Engineers, the DEP and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

2.2 Subject to the terms, conditions and provisions of this Bond Purchase Agreement and the Local Act, the Local Government 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 Local Government 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 Local Government, 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 is approved by DEP and the Authority.

2.4 The Local Government agrees that the Authority and DEP and their respective 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 Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, at 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 DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government 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 Local Government shall permit the Authority and DEP, acting by and through their Directors or 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 Local Government shall submit to the Authority and DEP such documents and information as it 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 Local Bonds proceeds or of any State and federal grants or other sources of financing for the Project.

2.6 The Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government 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 Local Government 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 Local Government 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 Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project

facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) 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 Local Government, 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 Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government 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 Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP 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, DEP and the Local Government 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. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Bond Purchase Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Government hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, DEP 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 Local Government, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to the DEP.

2.13 The Local Government, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward such forms to DEP in compliance with the Local Government's construction schedule.

### ARTICLE III

#### Conditions to Purchase of Local Bonds; Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to purchase the Local Bonds is subject to the Local Government's fulfillment, to the satisfaction of the Authority and DEP, 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 Local Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Local Bonds will be expended and the procedures as to the disbursement of bond proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Bond Purchase Agreement;

(c) The Local Government 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;

(d) The Local Government 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 proceeds of the Local Bonds will refund an interim construction financing, the Local Government 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 DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

(e) The Local Government 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 DEP shall have received a certificate of the Consulting Engineers to such effect;

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development 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 DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(g) The Local Government shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(h) The Local Government 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 DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

(i) 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

DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

(j) 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 and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, 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 purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase 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 Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government 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, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing." Notwithstanding the foregoing, the Date of Closing shall in no event occur more than ninety (90) days after the date of execution of this Bond Purchase Agreement by the Authority.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements, established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

#### ARTICLE IV

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

4.1 The Local Government shall, as one of the conditions of the Authority and DEP to purchase the Local Bonds, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Government in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues will 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 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 Local Government 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 net or gross revenues of the System as provided 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 Local Government shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government 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 DEP; 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 Local Government 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 Local Government 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 Local Government 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 and all rights as set forth in Section 5 of the Act;

(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 Local Government will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Government 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 DEP, which report shall include a statement that the Local Government is in compliance with the terms and provisions of the Local Act and this Bond Purchase Agreement and that the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Government 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 DEP 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, except for accrued interest and capitalized interest, if any, 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 Local Government 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 Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, 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 Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for all Local Bonds;

(xvii) That the Local Government 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 Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F 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;

(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 Local Government 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 Local Government shall have obtained the certificate of the Consulting Engineers 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 DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP 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;

(xx) That the Local Government 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 Local Government, then the Local Government shall enter into a termination agreement with the water provider; and

(xxi) That the Local Government shall submit all proposed change orders to the DEP for written approval. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting

Engineer. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Government hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

4.2 The Local Bonds shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y 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.

4.4 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 Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to purchase the Local Bonds shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to purchase the Local Bonds.

## ARTICLE V

### Certain Covenants of the Local Government; Imposition and Collection of User Charges; Payments To Be Made by Local Government to the Authority

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Bond Purchase Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to purchase the Local Bonds, 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 Bond Purchase Agreement, the Local Government 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 Bond Purchase Agreement.

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Local Bonds next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

## ARTICLE VI

### Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Bond Purchase Agreement, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Bond Purchase Agreement.

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Bond Purchase 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 purchasing and receiving the Local Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Bond Purchase Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the issuance of the Local Bonds shall be incorrect or incomplete in any material respect or (b) the Local Government 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, the SRF Regulations or this Bond Purchase Agreement.

6.3 The Local Government hereby agrees to repay on or prior to the Date of Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Local Bonds.

6.4 The Local Government 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 Local Government fails to make any such rebates as required, then the Local Government 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.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

6.6 The Local Government hereby agrees to give the Authority and DEP 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.

6.7 The Local Government hereby agrees to file with the Authority and DEP upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE VII

### Miscellaneous

7.1 Schedules X and Y shall be attached to this Bond Purchase Agreement by the Authority as soon as practicable after the Date of Closing is established and shall be approved by an official action of the Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this Bond Purchase 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 Bond Purchase Agreement, and this Bond Purchase Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This Bond Purchase 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 Bond Purchase Agreement.

7.4 No waiver by any party of any term or condition of this Bond Purchase 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 Bond Purchase Agreement.

7.5 This Bond Purchase Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Local Bonds and constitutes the entire agreement between the parties hereto in respect thereof.

7.6 By execution and delivery of this Bond Purchase Agreement, notwithstanding the date hereof, the Local Government 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.

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

(ii) the end of ninety (90) days after the date of execution hereof by the Authority if the Local Government has failed to deliver the Local Bonds to the Authority;

(iii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Bond Purchase Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

TOWN OF OCEANA  
[Name of Local Government]

(SEAL)

By: *John G. Stoff*  
Its: Mayor

Attest:

Date: 5-11-2008

*Sharlene J. Cook*  
Its Recorder

WEST VIRGINIA DIVISION OF  
ENVIRONMENTAL PROTECTION

By: *Alyson L. Farmer*  
Its: Chief

Date: 5-20-00

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By: *Daniel B. Lyzobosky*  
Its: Director

Attest:

Date: May 4, 2000

*Barbara B. Meadows*  
Secretary-Treasurer

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - \_\_\_\_

Report Month: \_\_\_\_\_

<u>ITEM</u>	<u>CURRENT</u> <u>MONTH</u>	<u>TOTAL</u> <u>YEAR TO</u> <u>DATE</u>	<u>BUDGET</u> <u>YEAR TO</u> <u>DATE</u>	<u>BUDGET</u> <u>YEAR MINUS</u> <u>YEAR TO</u> <u>DATE</u>
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. SRF Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

Witnesseth my signature this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[Name of Local Government]

By: \_\_\_\_\_  
Authorized Officer

## Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Local Government 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 ( $1200/12$ ). This is the incremental amount for the Budget Year to Date column.
2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF 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.
3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Government other than this Bond.
4. In Item 4, provide the principal, interest and reserve account payments for this Bond. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.
5. In Item 5, 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 Items 3 and 4. If gross revenues are \$12,000, the Renewal and Replacement Fund should have an amount of \$300 (2.5% of \$12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.
6. The Local Government must complete the Monthly Financial Report and forward it to the DEP by the 10<sup>th</sup> day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. DEP will notify the Local Government when the Monthly Financial Report no longer needs to be filed.

EXHIBIT C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

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 meaning set forth in the bond \_\_\_\_\_ adopted or enacted by the Issuer on \_\_\_\_\_, and the Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP"), 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 DEP and any change orders approved by the Issuer, 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 A attached hereto as Exhibit A, and my firm<sup>1</sup> has ascertained that all successful bidders have made 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 thereof<sup>2</sup>, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase 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 DEP; and (xi) 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.

WITNESS my signature and seal on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
By \_\_\_\_\_

West Virginia License No. \_\_\_\_

[SEAL]

\_\_\_\_\_  
<sup>1</sup>If 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".

<sup>2</sup>If 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 E

### SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT - The Local Government agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, ground breaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The Local Government that receives \$300,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

EXHIBIT F

[Monthly Payment Form]

West Virginia Water Development Authority  
180 Association Drive  
Charleston, WV 25311

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 Local Government] on [Date].

Sinking Fund:

Interest \$\_\_\_\_\_

Principal \$\_\_\_\_\_

Total: \$\_\_\_\_\_

Reserve Account: \$\_\_\_\_\_

Witness my signature this \_\_\_\_ day of \_\_\_\_\_.

[Name of Local Government]

By: \_\_\_\_\_  
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Closing]

West Virginia Water Development Authority  
180 Association Drive  
Charleston, WV 25311

West Virginia Division of Environmental Protection  
617 Broad Street  
Charleston, WV 25301

Ladies and Gentlemen:

We are bond counsel to \_\_\_\_\_ (the "Local Government"), a  
\_\_\_\_\_.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated \_\_\_\_, \_\_\_\_, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated \_\_\_\_\_, \_\_\_\_ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of \$ \_\_\_\_\_, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning \_\_\_\_ 1, \_\_\_\_, and ending \_\_\_\_ 1, \_\_\_\_, all as set forth in the "Schedule Y" attached to the Bond Purchase 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 Local Government on \_\_\_\_\_, as supplemented by the supplemental resolution duly adopted by the Local Government on \_\_\_\_\_ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase 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 Bond Purchase 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 Bond Purchase Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government enforceable in accordance with the terms thereof.

2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

3. The Local Government is a duly organized and presently 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 Local Government and constitute valid and binding obligations of the Local Government enforceable against the Local Government 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 Bond Purchase Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid and legally enforceable and binding special obligations of the Local Government, 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,

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>5,364,000</u>
Purchase Price of Local Bonds	\$ <u>5,364,000</u>

The Local Bonds shall bear no interest. Commencing June 1, 2002, principal of the Local Bonds is payable quarterly, with an administrative fee of ½%. 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 Local Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Local Bonds are fully registered in the name of the Authority as to principal only and the Local Bonds shall grant the Authority a first lien on the net or gross revenues of the Local Government's system as provided in the Local Act.

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government 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 Local Government:

Sewer Revenue Bonds, 1992A, issued November 18, 1992, in the aggregate principal amount of \$952,364.

SCHEDULE Y

**Town of Oceana (West Virginia)**  
*Loan of \$5,364,000*  
*30 Years, 0% Interest Rate, 0.5% Administrative Fee*  
*Closing Date: June 8, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	44,700.00	-	44,700.00
9/01/2002	44,700.00	-	44,700.00
12/01/2002	44,700.00	-	44,700.00
3/01/2003	44,700.00	-	44,700.00
6/01/2003	44,700.00	-	44,700.00
9/01/2003	44,700.00	-	44,700.00
12/01/2003	44,700.00	-	44,700.00
3/01/2004	44,700.00	-	44,700.00
6/01/2004	44,700.00	-	44,700.00
9/01/2004	44,700.00	-	44,700.00
12/01/2004	44,700.00	-	44,700.00
3/01/2005	44,700.00	-	44,700.00
6/01/2005	44,700.00	-	44,700.00
9/01/2005	44,700.00	-	44,700.00
12/01/2005	44,700.00	-	44,700.00
3/01/2006	44,700.00	-	44,700.00
6/01/2006	44,700.00	-	44,700.00
9/01/2006	44,700.00	-	44,700.00
12/01/2006	44,700.00	-	44,700.00
3/01/2007	44,700.00	-	44,700.00
6/01/2007	44,700.00	-	44,700.00
9/01/2007	44,700.00	-	44,700.00
12/01/2007	44,700.00	-	44,700.00
3/01/2008	44,700.00	-	44,700.00
6/01/2008	44,700.00	-	44,700.00
9/01/2008	44,700.00	-	44,700.00
12/01/2008	44,700.00	-	44,700.00
3/01/2009	44,700.00	-	44,700.00
6/01/2009	44,700.00	-	44,700.00
9/01/2009	44,700.00	-	44,700.00
12/01/2009	44,700.00	-	44,700.00
3/01/2010	44,700.00	-	44,700.00
6/01/2010	44,700.00	-	44,700.00
9/01/2010	44,700.00	-	44,700.00
12/01/2010	44,700.00	-	44,700.00
3/01/2011	44,700.00	-	44,700.00
6/01/2011	44,700.00	-	44,700.00
9/01/2011	44,700.00	-	44,700.00
12/01/2011	44,700.00	-	44,700.00

**Town of Oceana (West Virginia)**

*Loan of \$5,364,000*

*30 Years, 0% Interest Rate, 0.5% Administrative Fee*

*Closing Date: June 8, 2000*

**DEBT SERVICE SCHEDULE**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
3/01/2012	44,700.00	-	44,700.00
6/01/2012	44,700.00	-	44,700.00
9/01/2012	44,700.00	-	44,700.00
12/01/2012	44,700.00	-	44,700.00
3/01/2013	44,700.00	-	44,700.00
6/01/2013	44,700.00	-	44,700.00
9/01/2013	44,700.00	-	44,700.00
12/01/2013	44,700.00	-	44,700.00
3/01/2014	44,700.00	-	44,700.00
6/01/2014	44,700.00	-	44,700.00
9/01/2014	44,700.00	-	44,700.00
12/01/2014	44,700.00	-	44,700.00
3/01/2015	44,700.00	-	44,700.00
6/01/2015	44,700.00	-	44,700.00
9/01/2015	44,700.00	-	44,700.00
12/01/2015	44,700.00	-	44,700.00
3/01/2016	44,700.00	-	44,700.00
6/01/2016	44,700.00	-	44,700.00
9/01/2016	44,700.00	-	44,700.00
12/01/2016	44,700.00	-	44,700.00
3/01/2017	44,700.00	-	44,700.00
6/01/2017	44,700.00	-	44,700.00
9/01/2017	44,700.00	-	44,700.00
12/01/2017	44,700.00	-	44,700.00
3/01/2018	44,700.00	-	44,700.00
6/01/2018	44,700.00	-	44,700.00
9/01/2018	44,700.00	-	44,700.00
12/01/2018	44,700.00	-	44,700.00
3/01/2019	44,700.00	-	44,700.00
6/01/2019	44,700.00	-	44,700.00
9/01/2019	44,700.00	-	44,700.00
12/01/2019	44,700.00	-	44,700.00
3/01/2020	44,700.00	-	44,700.00
6/01/2020	44,700.00	-	44,700.00
9/01/2020	44,700.00	-	44,700.00
12/01/2020	44,700.00	-	44,700.00
3/01/2021	44,700.00	-	44,700.00
6/01/2021	44,700.00	-	44,700.00
9/01/2021	44,700.00	-	44,700.00
12/01/2021	44,700.00	-	44,700.00
3/01/2022	44,700.00	-	44,700.00
6/01/2022	44,700.00	-	44,700.00
9/01/2022	44,700.00	-	44,700.00
12/01/2022	44,700.00	-	44,700.00
3/01/2023	44,700.00	-	44,700.00
6/01/2023	44,700.00	-	44,700.00

**Town of Oceana (West Virginia)**

*Loan of \$5,364,000*

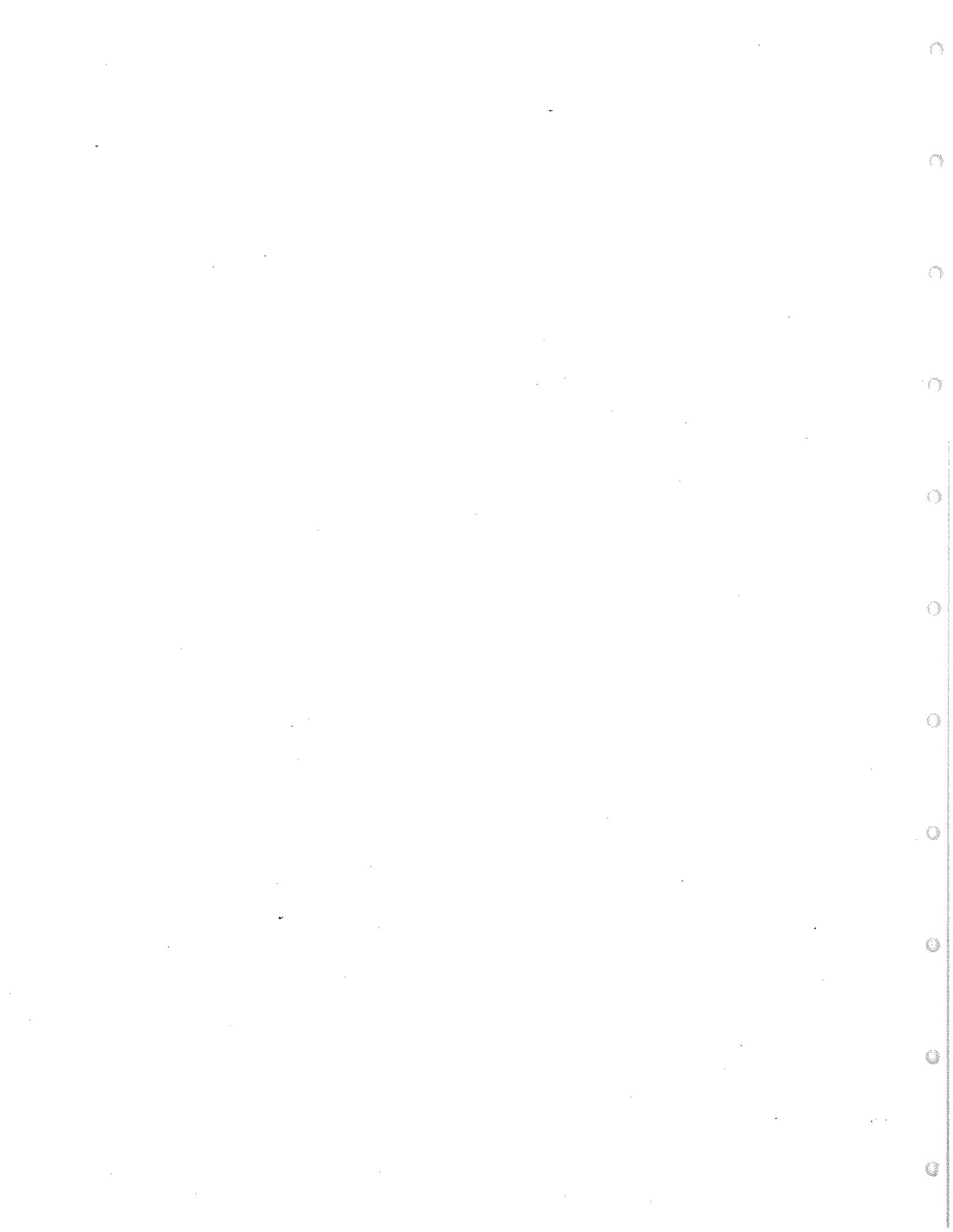
*30 Years, 0% Interest Rate, 0.5% Administrative Fee*

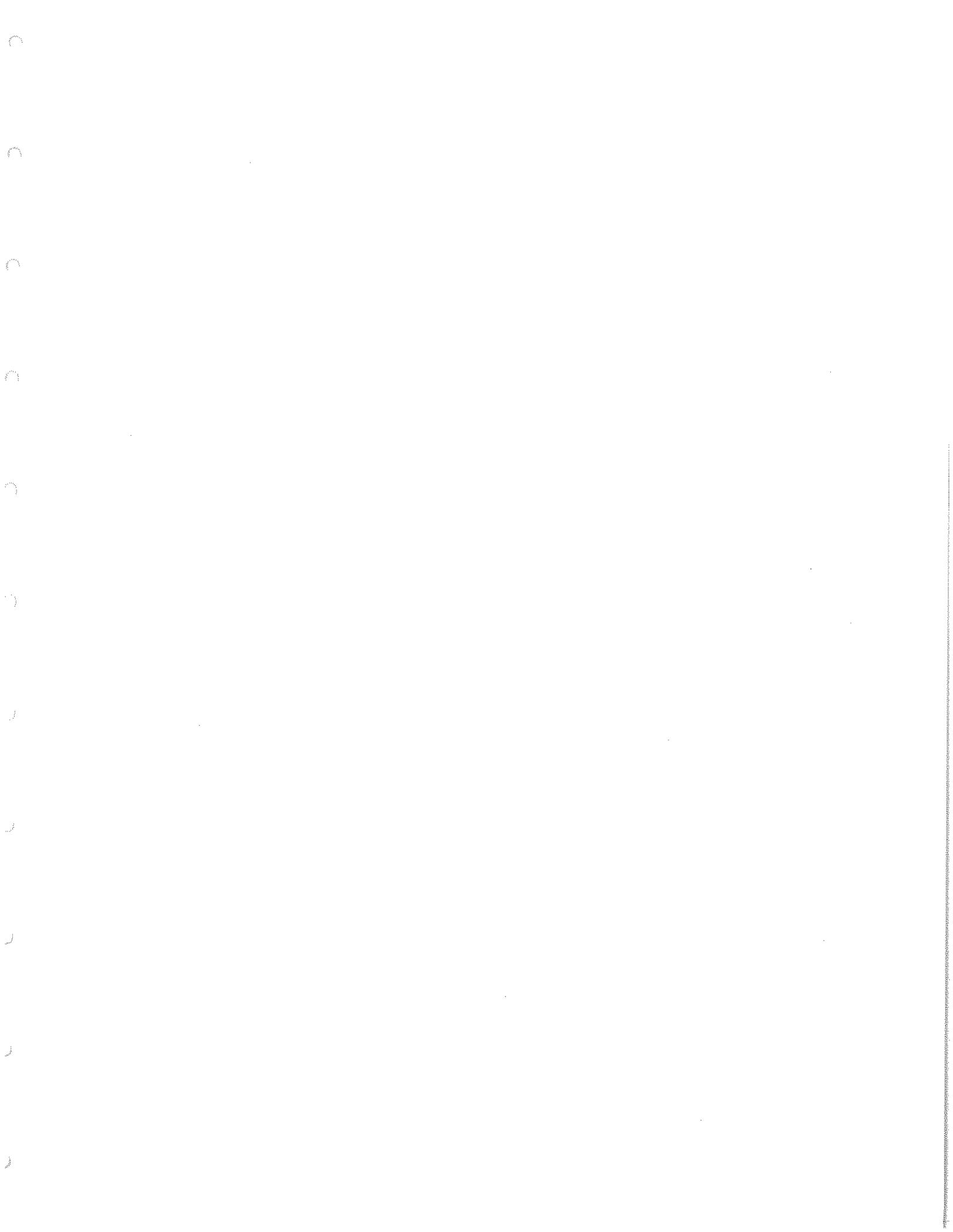
*Closing Date: June 8, 2000*

**DEBT SERVICE SCHEDULE**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
9/01/2023	44,700.00	-	44,700.00
12/01/2023	44,700.00	-	44,700.00
3/01/2024	44,700.00	-	44,700.00
6/01/2024	44,700.00	-	44,700.00
9/01/2024	44,700.00	-	44,700.00
12/01/2024	44,700.00	-	44,700.00
3/01/2025	44,700.00	-	44,700.00
6/01/2025	44,700.00	-	44,700.00
9/01/2025	44,700.00	-	44,700.00
12/01/2025	44,700.00	-	44,700.00
3/01/2026	44,700.00	-	44,700.00
6/01/2026	44,700.00	-	44,700.00
9/01/2026	44,700.00	-	44,700.00
12/01/2026	44,700.00	-	44,700.00
3/01/2027	44,700.00	-	44,700.00
6/01/2027	44,700.00	-	44,700.00
9/01/2027	44,700.00	-	44,700.00
12/01/2027	44,700.00	-	44,700.00
3/01/2028	44,700.00	-	44,700.00
6/01/2028	44,700.00	-	44,700.00
9/01/2028	44,700.00	-	44,700.00
12/01/2028	44,700.00	-	44,700.00
3/01/2029	44,700.00	-	44,700.00
6/01/2029	44,700.00	-	44,700.00
9/01/2029	44,700.00	-	44,700.00
12/01/2029	44,700.00	-	44,700.00
3/01/2030	44,700.00	-	44,700.00
6/01/2030	44,700.00	-	44,700.00
9/01/2030	44,700.00	-	44,700.00
12/01/2030	44,700.00	-	44,700.00
3/01/2031	44,700.00	-	44,700.00
6/01/2031	44,700.00	-	44,700.00
9/01/2031	44,700.00	-	44,700.00
12/01/2031	44,700.00	-	44,700.00
3/01/2032	44,700.00	-	44,700.00
<b>Total</b>	<b>5,364,000.00</b>	<b>-</b>	<b>5,364,000.00 *</b>

\*Plus \$3,380.44 one-half percent administrative fee paid quarterly.  
Total fee over the life of the loan is \$405,652.80.





IC-1  
(4/6/00)

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 OCEANA  
(Governmental Agency)

W I T N E S S E T H:

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 Division 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, at 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 construction of the Project and for two years following the completion 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 10<sup>th</sup> of each month to the Authority and Council.

## 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, 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.

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 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 the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that 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:

(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, 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 expending any proceeds of the Local Bonds available due to bid/construction/project underruns; and

(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.

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 State's general obligation 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 Section 4.2 hereof, 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 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 shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority 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 Division 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 if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority 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 OCEANA

(SEAL)

By: John D. Steff

Its: Mayor

Attest:

Sharon J. Cook

Its: Recorder

Date: 5-26-2000

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lykens

Its: Director

Attest:

Barbara B. Meadows  
Secretary-Treasurer

Date: May 25, 2000

00832/00466

4/7/00

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 [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council 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 the Schedule B attached hereto as Exhibit A and my firm<sup>1</sup> has ascertained that all successful bidders have made 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/BPH/PSC] 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 thereof, <sup>2</sup>the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan 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 set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

WITNESS my signature and seal on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[SEAL]

\_\_\_\_\_  
By: \_\_\_\_\_  
West Virginia License No. \_\_\_\_\_

\_\_\_\_\_  
<sup>1</sup>If 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".

<sup>2</sup>If 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  
980 One Valley Square  
Charleston, West Virginia 25301

West Virginia Water Development Authority  
180 Association Drive  
Charleston, West Virginia 25311

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 and 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

[Form of Monthly Financial Report]  
[Name of Governmental Agency]  
[Name of Bond Issue]  
Fiscal Year - \_\_\_\_  
Report Month: \_\_\_\_\_

<u>ITEM</u>	<u>TOTAL</u>		<u>BUDGET</u>	
	<u>CURRENT MONTH</u>	<u>YEAR TO DATE</u>	<u>BUDGET YEAR TO DATE</u>	<u>YEAR MINUS YEAR TO DATE</u>
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

Witnesseth my signature this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[Name of Governmental Agency]

By: \_\_\_\_\_  
Authorized Officer

## Instructions for Completing Monthly Financial Report

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 ( $1200/12$ ). This is the incremental amount for the Budget Year to Date column.
2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF 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.
3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Governmental Agency other than this Loan.
4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.
5. In Item 5, 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 Items 3 and 4. If gross revenues are \$12,000, the Renewal and Replacement Fund should have an amount of \$300 (2.5% of \$12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.
6. The Governmental Agency must complete the Monthly Financial Report and forward it to the Council by the 10<sup>th</sup> day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. The Council will notify the Governmental Agency when the Monthly Financial Report no longer needs to be filed.

EXHIBIT D

[Monthly Payment Form]

West Virginia Water Development Authority  
180 Association Drive  
Charleston, WV 25311

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

Principal Amount of Local Bonds	\$7,273,500
Purchase Price of Local Bonds	\$7,273,500

The Local Bonds shall bear no interest. Commencing June 1, 2002, principal of 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 submit its payments monthly to the Commission which 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, if any, 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:

Sewer Revenue Bonds, Series 1992 A. issued in the original principal amount of \$952,364 dated November 18, 1992

SCHEDULE Y

<b>Town of Oceana (West Virginia)</b> <i>Loan of \$7,273,500</i> <i>0% Interest Rate, 40 Years</i> <i>Closing Date: June 16, 2000</i> <b>DEBT SERVICE SCHEDULE</b>			
Date	Principal	Coupon	Total P+I
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	47,540.00	-	47,540.00
9/01/2002	47,540.00	-	47,540.00
12/01/2002	47,540.00	-	47,540.00
3/01/2003	47,540.00	-	47,540.00
6/01/2003	47,540.00	-	47,540.00
9/01/2003	47,540.00	-	47,540.00
12/01/2003	47,540.00	-	47,540.00
3/01/2004	47,540.00	-	47,540.00
6/01/2004	47,540.00	-	47,540.00
9/01/2004	47,540.00	-	47,540.00
12/01/2004	47,540.00	-	47,540.00
3/01/2005	47,540.00	-	47,540.00
6/01/2005	47,540.00	-	47,540.00
9/01/2005	47,540.00	-	47,540.00
12/01/2005	47,540.00	-	47,540.00
3/01/2006	47,540.00	-	47,540.00
6/01/2006	47,540.00	-	47,540.00
9/01/2006	47,540.00	-	47,540.00
12/01/2006	47,540.00	-	47,540.00
3/01/2007	47,540.00	-	47,540.00
6/01/2007	47,540.00	-	47,540.00
9/01/2007	47,540.00	-	47,540.00
12/01/2007	47,540.00	-	47,540.00
3/01/2008	47,540.00	-	47,540.00
6/01/2008	47,540.00	-	47,540.00
9/01/2008	47,540.00	-	47,540.00
12/01/2008	47,540.00	-	47,540.00
3/01/2009	47,540.00	-	47,540.00
6/01/2009	47,540.00	-	47,540.00
9/01/2009	47,540.00	-	47,540.00
12/01/2009	47,540.00	-	47,540.00
3/01/2010	47,540.00	-	47,540.00
6/01/2010	47,540.00	-	47,540.00
9/01/2010	47,539.00	-	47,539.00
12/01/2010	47,539.00	-	47,539.00
3/01/2011	47,539.00	-	47,539.00
6/01/2011	47,539.00	-	47,539.00
9/01/2011	47,539.00	-	47,539.00
12/01/2011	47,539.00	-	47,539.00

Ferris, Baker Watts, Incorporated  
Public Finance

File = ifoceana.sf-05 25 99 Revised- SINGLE PURPOSE  
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**Town of Oceana (West Virginia)**

*Loan of \$7,273,500*

*0% Interest Rate, 40 Years*

*Closing Date: June 16, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
3/01/2012	47,539.00	-	47,539.00
6/01/2012	47,539.00	-	47,539.00
9/01/2012	47,539.00	-	47,539.00
12/01/2012	47,539.00	-	47,539.00
3/01/2013	47,539.00	-	47,539.00
6/01/2013	47,539.00	-	47,539.00
9/01/2013	47,539.00	-	47,539.00
12/01/2013	47,539.00	-	47,539.00
3/01/2014	47,539.00	-	47,539.00
6/01/2014	47,539.00	-	47,539.00
9/01/2014	47,539.00	-	47,539.00
12/01/2014	47,539.00	-	47,539.00
3/01/2015	47,539.00	-	47,539.00
6/01/2015	47,539.00	-	47,539.00
9/01/2015	47,539.00	-	47,539.00
12/01/2015	47,539.00	-	47,539.00
3/01/2016	47,539.00	-	47,539.00
6/01/2016	47,539.00	-	47,539.00
9/01/2016	47,539.00	-	47,539.00
12/01/2016	47,539.00	-	47,539.00
3/01/2017	47,539.00	-	47,539.00
6/01/2017	47,539.00	-	47,539.00
9/01/2017	47,539.00	-	47,539.00
12/01/2017	47,539.00	-	47,539.00
3/01/2018	47,539.00	-	47,539.00
6/01/2018	47,539.00	-	47,539.00
9/01/2018	47,539.00	-	47,539.00
12/01/2018	47,539.00	-	47,539.00
3/01/2019	47,539.00	-	47,539.00
6/01/2019	47,539.00	-	47,539.00
9/01/2019	47,539.00	-	47,539.00
12/01/2019	47,539.00	-	47,539.00
3/01/2020	47,539.00	-	47,539.00
6/01/2020	47,539.00	-	47,539.00
9/01/2020	47,539.00	-	47,539.00
12/01/2020	47,539.00	-	47,539.00
3/01/2021	47,539.00	-	47,539.00
6/01/2021	47,539.00	-	47,539.00
9/01/2021	47,539.00	-	47,539.00
12/01/2021	47,539.00	-	47,539.00
3/01/2022	47,539.00	-	47,539.00
6/01/2022	47,539.00	-	47,539.00
9/01/2022	47,539.00	-	47,539.00
12/01/2022	47,539.00	-	47,539.00
3/01/2023	47,539.00	-	47,539.00
6/01/2023	47,539.00	-	47,539.00

**Town of Oceana (West Virginia)**

*Loan of \$7,273,500*

*0% Interest Rate, 40 Years*

*Closing Date: June 16, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
9/01/2023	47,539.00	-	47,539.00
12/01/2023	47,539.00	-	47,539.00
3/01/2024	47,539.00	-	47,539.00
6/01/2024	47,539.00	-	47,539.00
9/01/2024	47,539.00	-	47,539.00
12/01/2024	47,539.00	-	47,539.00
3/01/2025	47,539.00	-	47,539.00
6/01/2025	47,539.00	-	47,539.00
9/01/2025	47,539.00	-	47,539.00
12/01/2025	47,539.00	-	47,539.00
3/01/2026	47,539.00	-	47,539.00
6/01/2026	47,539.00	-	47,539.00
9/01/2026	47,539.00	-	47,539.00
12/01/2026	47,539.00	-	47,539.00
3/01/2027	47,539.00	-	47,539.00
6/01/2027	47,539.00	-	47,539.00
9/01/2027	47,539.00	-	47,539.00
12/01/2027	47,539.00	-	47,539.00
3/01/2028	47,539.00	-	47,539.00
6/01/2028	47,539.00	-	47,539.00
9/01/2028	47,539.00	-	47,539.00
12/01/2028	47,539.00	-	47,539.00
3/01/2029	47,539.00	-	47,539.00
6/01/2029	47,539.00	-	47,539.00
9/01/2029	47,539.00	-	47,539.00
12/01/2029	47,539.00	-	47,539.00
3/01/2030	47,539.00	-	47,539.00
6/01/2030	47,539.00	-	47,539.00
9/01/2030	47,539.00	-	47,539.00
12/01/2030	47,539.00	-	47,539.00
3/01/2031	47,539.00	-	47,539.00
6/01/2031	47,539.00	-	47,539.00
9/01/2031	47,539.00	-	47,539.00
12/01/2031	47,539.00	-	47,539.00
3/01/2032	47,539.00	-	47,539.00
6/01/2032	47,539.00	-	47,539.00
9/01/2032	47,539.00	-	47,539.00
12/01/2032	47,539.00	-	47,539.00
3/01/2033	47,539.00	-	47,539.00
6/01/2033	47,539.00	-	47,539.00
9/01/2033	47,539.00	-	47,539.00
12/01/2033	47,539.00	-	47,539.00
3/01/2034	47,539.00	-	47,539.00
6/01/2034	47,539.00	-	47,539.00
9/01/2034	47,539.00	-	47,539.00
12/01/2034	47,539.00	-	47,539.00

**Town of Oceana (West Virginia)**

*Loan of \$7,273,500*

*0% Interest Rate, 40 Years*

*Closing Date: June 16, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+i
3/01/2035	47,539.00	-	47,539.00
6/01/2035	47,539.00	-	47,539.00
9/01/2035	47,539.00	-	47,539.00
12/01/2035	47,539.00	-	47,539.00
3/01/2036	47,539.00	-	47,539.00
6/01/2036	47,539.00	-	47,539.00
9/01/2036	47,539.00	-	47,539.00
12/01/2036	47,539.00	-	47,539.00
3/01/2037	47,539.00	-	47,539.00
6/01/2037	47,539.00	-	47,539.00
9/01/2037	47,539.00	-	47,539.00
12/01/2037	47,539.00	-	47,539.00
3/01/2038	47,539.00	-	47,539.00
6/01/2038	47,539.00	-	47,539.00
9/01/2038	47,539.00	-	47,539.00
12/01/2038	47,539.00	-	47,539.00
3/01/2039	47,539.00	-	47,539.00
6/01/2039	47,539.00	-	47,539.00
9/01/2039	47,539.00	-	47,539.00
12/01/2039	47,539.00	-	47,539.00
3/01/2040	47,539.00	-	47,539.00
6/01/2040	47,539.00	-	47,539.00
<b>Total</b>	<b>7,273,500.00</b>	<b>-</b>	<b>7,273,500.00</b>

**YIELD STATISTICS**

Bond Year Dollars.....	\$152,439.94
Average Life.....	20.958 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	2.00E-10
Bond Yield for Arbitrage Purposes.....	2.00E-10
All Inclusive Cost (AIC).....	2.00E-10

**IRS FORM 8038**

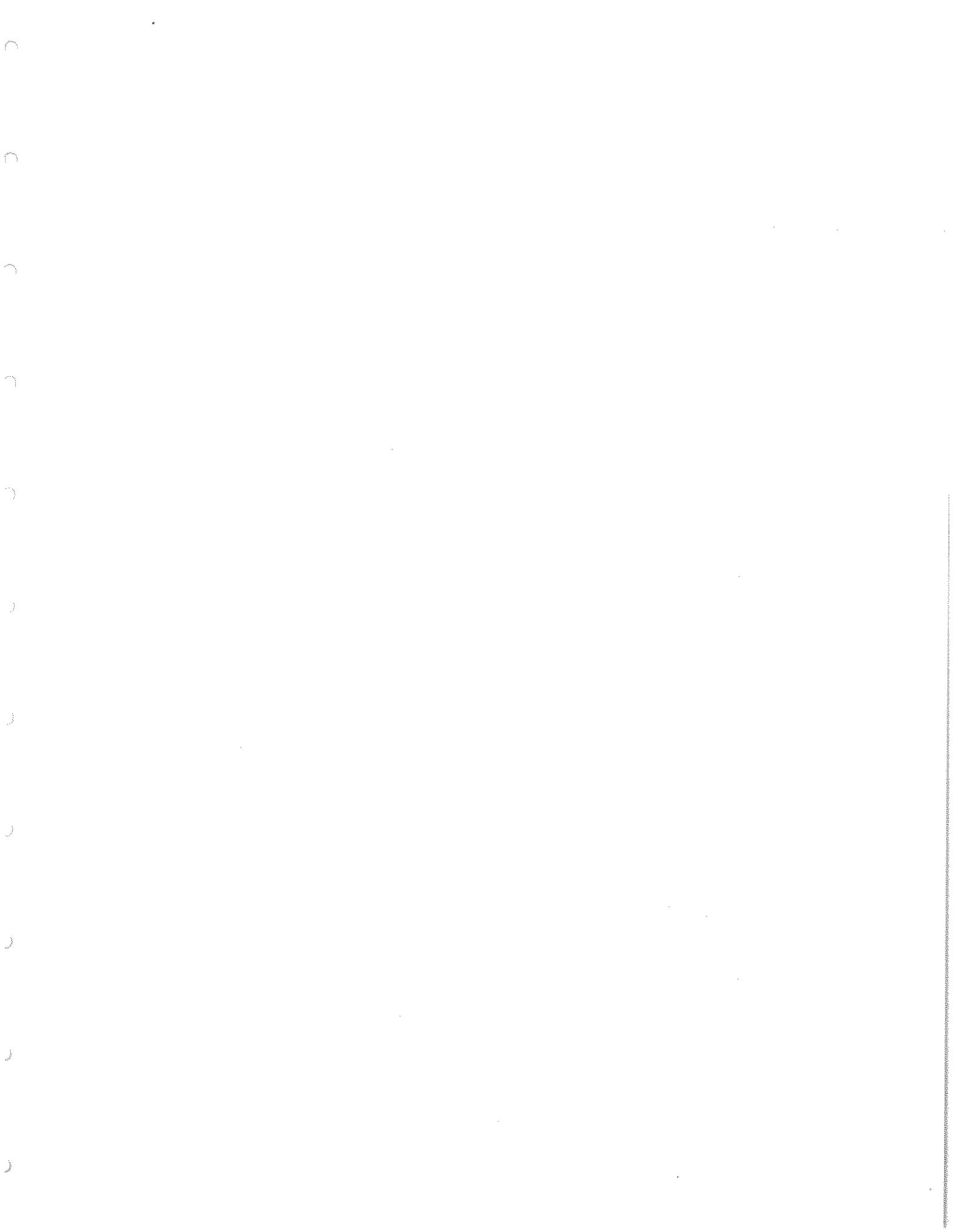
Net Interest Cost.....	-
Weighted Average Maturity.....	20.958 Years

*Ferris, Baker Watts, Incorporated*  
*Public Finance*

*File = ifoceana.sf-05 25 99 Revised- SINGLE PURPOSE*  
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SCHEDULE Z

None.



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PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: December 22, 1999

FINAL

1-11-00

CASE NO. 99-0820-S-CN

OCEANA MUNICIPAL WATER AND SEWER  
WORKS, a municipal corporation.

Application for a certificate of  
convenience and necessity to  
construct a wastewater collection  
system and treatment facilities  
near the Town of Oceana.

RECOMMENDED DECISION

On June 11, 1999, Oceana Municipal Water and Sewer Works, a public utility, located in Oceana, Wyoming County, West Virginia, filed an application for a certificate of convenience and necessity to construct a new wastewater treatment facility and to extend sanitary sewer service to approximately 978 new customers in the Kopperston, Lillydale, Lilly Haven and Turkey Dip areas, all of which are outside the Town's corporate limits. This construction is estimated to cost approximately \$12,273,500, and will be funded by proposed loans from the West Virginia State Revolving Loan Fund Program in the amount of \$5,000,000, at an interest rate not to exceed 1% for a term not to exceed thirty (30) years, and from the West Virginia Infrastructure and Jobs Development Council in the amount of \$7,273,500, at an interest rate of 0% for a term not to exceed forty (40) years. This project is required because the Town's existing wastewater treatment plant cannot meet current or projected requirements for its NPDES Permit and to bring the Town into compliance with a Consent Decree entered in the Circuit Court of Wyoming County, West Virginia.

By a Notice of Filing entered June 14, 1999, the Applicant was required to give public legal notice of this filing by publishing a copy of the Notice of Filing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Wyoming County, and to make due return to the Commission of proper proof of publication.

On June 16, 1999, the Applicant filed a letter and a copy of the Town of Oceana's new sewer rate ordinance, setting out a rate of \$7.07 per thousand gallons of metered water usage for all service rendered by the Applicant.

On June 29, 1999, the Applicant filed a duly executed Publisher's Certificate demonstrating publication of the Notice of Filing in the Independent Herald, on June 23, 1999, all in compliance with the Notice of Filing.

In response to publication of the Notice of Filing, a petition of objection to this application signed by seven people was filed with the Commission on July 6, 1999.

By a Commission Referral Order entered July 26, 1999, this matter was referred to the Division of Administrative Law Judges for further proceedings with a decision due date of January 7, 2000.

By a Procedural Order entered August 17, 1999, this matter was scheduled for hearing to be held on October 7, 1999, in Oceana, Wyoming County, West Virginia. Additionally, the Applicant was required to cause to be published a prepared Notice of Hearing, once a week for two (2) consecutive weeks, in a newspaper duly qualified by the Secretary of State, published and of general circulation in Wyoming County, West Virginia.

On September 27, 1999, the Applicant filed a duly executed certificate of publication demonstrating publication of the Notice of Hearing on September 15 and 27, 1999, in the Independent Herald, all in compliance with the Procedural Order entered August 17, 1999.

Also, on September 27, 1999, the Staff of the Public Service Commission filed its Final Joint Staff Memorandum in this matter. Staff detailed the scope and estimated costs of the project, as well as the proposed funding. A municipal rate ordinance had been adopted with sufficient rates to support the project. The plans and specifications for this project had been approved by the West Virginia Division of Environmental Protection and revealed no conflicts with the Commission's rules and regulations. As a result, Staff recommended approval of this application and that a certificate of convenience and necessity be granted to the Applicant. Staff further recommended approval of the Water Development Authority loan in the amount of \$5,000,000, and the West Virginia Infrastructure and Jobs Development Council loan in the amount of \$7,273,500.

The hearing convened as scheduled on October 7, 1999, in Oceana, Wyoming County, with all parties in attendance. The Applicant, Oceana Municipal Water and Sewer Works, was present and represented by its attorney H. Wyatt Hanna, III. The Staff of the Public Service Commission was present and represented by Staff Attorney C. Terry Owen. The Protestants did not appear at hearing or offer any evidence in this matter. (Tr., pp. 4, 7). At hearing, the Applicant and Staff stated that no additional evidence was required in this matter and agreed to submit this application for decision, based on Staff's favorable review and recommendation. (Tr., pp. 5-6). On October 13, 1999, an accurate transcript (Tr.), consisting of seven (7) pages of proceedings, was filed with the Executive Secretary.

Consequently, the application filed June 11, 1999, by the Oceana Municipal Water and Sewer Works, will be approved.

### FINDINGS OF FACT

1. On June 11, 1999, Oceana Municipal Water and Sewer Works, a public utility, located in Oceana, Wyoming County, West Virginia, filed an application for a certificate of convenience and necessity to construct a new wastewater treatment facility and to extend sanitary sewer service to approximately 978 new customers in the Kopperston, Lillydale, Lilly Haven and Turkey Dip areas, all of which are outside the Town's corporate limits. (See, application filed June 11, 1999).
2. This construction is estimated to cost approximately \$12,273,500, and will be funded by proposed loans from the West Virginia State Revolving Loan Fund Program in the amount of \$5,000,000, at an interest rate not to exceed 1% for a term not to exceed thirty (30) years, and from the West Virginia Infrastructure and Jobs Development Council in the amount of \$7,273,500, at an interest rate of 0% for a term not to exceed forty (40) years. Letters of commitment for those loans have been filed and were reviewed by Staff. (See, Final Joint Staff Memorandum filed September 27, 1999; application filed June 11, 1999).
3. The Town of Oceana has adopted an increased sewer rate ordinance which Staff has determined will provide adequate cash flow to cover the expected debt service and operating expenses associated with this proposed project. (See, letter filed June 14, 1999; Final Joint Staff Memorandum filed September 27, 1999).
4. This project is required because the Town's existing wastewater treatment plant cannot meet current or projected requirements for its NPDES Permit and to bring the Town into compliance with a Consent Decree entered in the Circuit Court of Wyoming County, West Virginia. (See, Final Joint Staff Memorandum filed September 27, 1999).
5. Pursuant to a Notice of Filing entered June 14, 1999, the Applicant caused to be published for public legal notice of this application a copy of the Notice of Filing, on June 23, 1999, in the Independent Herald, a newspaper duly qualified by the Secretary of State, published and of general circulation in Wyoming County, West Virginia. Said Notice contained the increased rates and charges required by this project and made provision for the filing of written statements of protest or objection within thirty (30) days from the date of publication. (See, Notice of Filing entered June 14, 1999; certificate of publication filed June 29, 1999).
6. On July 6, 1999, a petition of objection to this project, signed by seven people, was filed in this matter. (See, petition filed July 6, 1999).
7. Pursuant to a Procedural Order entered August 17, 1999, and a Notice of Hearing, duly published on September 15 and 22, 1999, in the Independent Herald, a newspaper duly qualified by the Secretary of State, published and of general circulation in Wyoming County, West Virginia, this matter was convened for hearing on October 7, 1999, in Oceana, Wyoming County. (See, Procedural Order entered August 17, 1999; certificate of publication filed September 27, 1999; Tr., p. 3).

8. No one appeared at hearing to protest or object to this application, or to provide reliable evidence in opposition to the application. (See, Tr., pp. 4, 7).

9. Pursuant to its review of this application and supporting documentation filed therewith, the Staff of the Public Service Commission states that, as designed, this project will serve approximately 1,551 total customers at a cost of \$7,913 per customer, with a customer density of 91 per mile of main. The cost is reasonable and the customer density is very good compared to similar projects previously approved by the Commission. (See, Final Joint Staff Memorandum filed September 27, 1999).

10. Projected operation and maintenance expenses will increase \$116,290, annually, after the project is complete and are reasonable for this type of plant. (See, Final Joint Staff Memorandum filed September 27, 1999).

11. The plans and specifications for this project have been approved by the West Virginia Division of Environmental Protection and the State Historic Preservation Office and do not reveal any conflicts with the rules and regulations of the Public Service Commission. An NPDES Permit has been approved for this project. (See, Final Joint Staff Memorandum filed September 27, 1999).

12. The Protestants to this application have failed to produce any relevant, reliable evidence in opposition to this application, nor have they proposed any alternative project to abate the problems of the current inadequate and illegal sewer system. (See, Tr., pp. 4, 7; Commission case file generally).

#### CONCLUSIONS OF LAW

1. Under the facts and circumstances of this case and the recommendation of Commission Staff, it is reasonable to approve this application and to grant the Oceana Municipal Water and Sewer Works a certificate of convenience and necessity to construct and operate the project described in said application.

2. It is also reasonable to approve the \$5,000,000 loan from the West Virginia State Revolving Loan Fund Program, with a term of 30 years at an interest rate of 1%, and the \$7,273,500 loan from the West Virginia Infrastructure and Jobs Development Council, with a term of 40 years at an interest rate of 0%, to finance this project.

3. It is also reasonable to require the Applicant to reopen this proceeding and seek subsequent Public Service Commission approval, should the plans, scope, cost, financing, terms or conditions of this approved project change.

#### ORDER

IT IS, THEREFORE, ORDERED that the application filed June 11, 1999, by the Oceana Municipal Water and Sewer Works, is approved and that a

certificate of convenience and necessity to construct and operate the project described therein shall be granted to the Applicant.

IT IS FURTHER ORDERED that the proposed financing for this project, consisting of a loan from the West Virginia State Revolving Loan Fund Program, in the amount of \$5,000,000, with a term of 30 years at an interest rate of 1%, and a loan from the West Virginia Infrastructure and Jobs Development Council, in the amount of \$7,273,500, with a term of 40 years at an interest rate of 0%, shall also be approved.

IT IS FURTHER ORDERED that, should there be any change in the plans, scope, cost, financing, terms or conditions of this project, the Applicant shall notify the Public Service Commission and request this case be reopened for subsequent review and approval of such changes.

IT IS FURTHER ORDERED that this matter shall be removed from the Commission's docket of open cases.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

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 said 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 aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed 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, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

  
Thomas N. Trent  
Administrative Law Judge

TNT:pst  
990820aa.wpd

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 22nd day of May, 2000.

CASE NO. 99-0820-S-CN

OCEANA MUNICIPAL WATER and SEWER WORKS  
Application for a certificate of convenience and necessity to construct a wastewater collection system and treatment facilities near the Town of Oceana.

COMMISSION ORDER

By Recommended Decision entered December 22, 1999, which became a final order of the Commission on January 11, 2000, the Commission's Division of Administrative Law Judges (ALJs) granted a certificate of public convenience and necessity authorizing Oceana Municipal Water and Sewer Works (Oceana) to construct a new wastewater treatment facility and to extend sanitary sewer service to approximately 978 new customers in the Kopperston, Lilydale, Lily Haven and Turkey Dip areas. The project's estimated construction cost was \$12,273,500.

The ALJ also approved proposed financing for the project, consisting of: (1) a \$5,000,000 loan from the West Virginia State Revolving Loan Fund (SRF), for a 30-year term at 1% interest; and (2) a \$2,273,000 loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC), for a 40-year term at 0% interest. The ALJ directed Oceana to request that this proceeding be reopened for subsequent review and approval of any change in plans, scope, cost, financing, terms or conditions of the certificated project.

On April 20, 2000, Oceana filed a petition to reopen this proceeding in order to approve an additional \$539,000 in funding necessary to accommodate construction bid overruns. These overruns have increased the certificated project's cost from \$12,273,500 to \$12,812,500. Oceana advises that it has obtained additional funding to cover the overruns. This funding consists of an additional \$364,000 to be added to the SRF loan, and a \$175,000 grant from the WVIJDC.

On May 1, 2000, Commission Staff (Staff) filed an Initial and Final Joint Staff Memorandum recommending that the Commission should reopen this proceeding and

approve the additional financing proposed by Oceana. Staff advised that Oceana's proposed municipal rates, which were adopted on June 11, 1998, will provide an adequate cash flow surplus based upon financial information submitted by Oceana. Staff further recommended that the Commission retain this proceeding for expeditious disposition.

UPON CONSIDERATION WHEREOF, the Commission concludes that it is reasonable to grant Oceana's petition to reopen this proceeding and to approve the additional financing in the form of a \$364,000 increase in Oceana's SRF loan and receipt of a \$175,000 grant from the WVIJDC.

ORDER

IT IS, THEREFORE, ORDERED that the Oceana Municipal Water and Sewer Works' petition to reopen this proceeding, filed with the Commission on April 20, 2000, is granted.

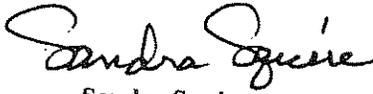
IT IS FURTHER ORDERED that the increased financing needed to cover construction bid overruns proposed by Oceana, in the form of a \$364,000 increase in Oceana's SRF loan and receipt of a \$175,000 grant from the WVIJDC, is approved.

IT IS FURTHER ORDERED that, in all other respects, the December 22, 1999, Recommended Decision remains in full force and effect.

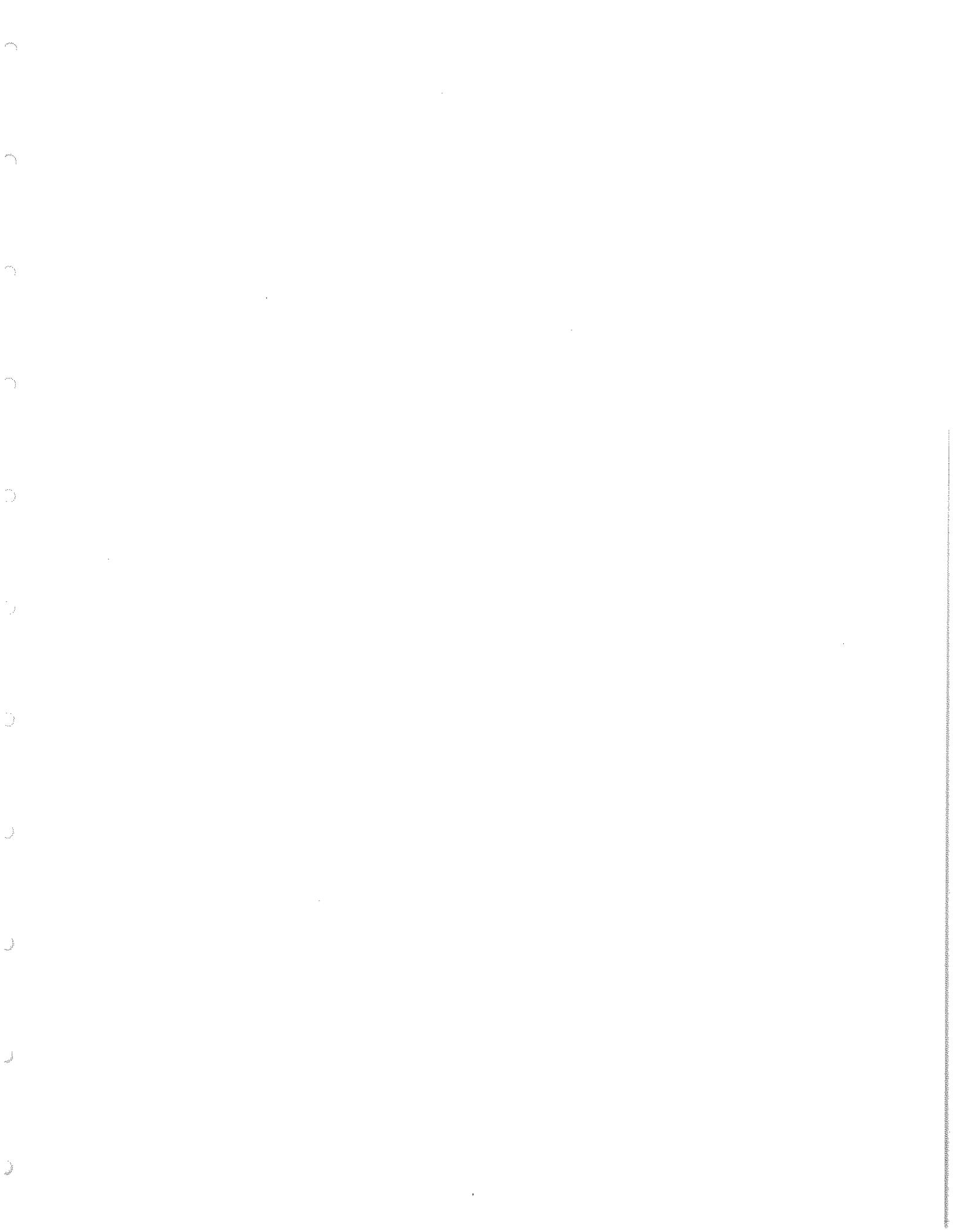
IT IS FURTHER ORDERED that, upon entry hereof, this case be removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste:

  
Sandra Squire  
Executive Secretary

PWP/lfg  
990820ca.wpd





# West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman  
St. Albans

James L. Harrison, Sr., Vice Chairman  
Princeton

Lloyd P. Adams, P.E.  
Wheeling

Sheirl L. Fletcher  
Morgantown

980 One Valley Square  
Charleston, West Virginia 25301  
Telephone: (304) 558-4607  
Facsimile: (304) 558-4609

Susan J. Riggs, Esquire  
Executive Secretary

March 2, 1999

The Honorable John P. Steffey  
Mayor, Town of Oceana  
P. O. Box 190  
Oceana, West Virginia 24870

Re: Binding Commitment Letter  
Wastewater Treatment and Collection System Project 97W-331

Dear Mayor Steffey:

The West Virginia Infrastructure and Jobs Development Council (the "Council") provides this binding offer of an Infrastructure Fund loan of approximately \$7,273,500 (the "Loan") for the Town of Oceana's (the "Town") proposed project to replace the existing wastewater treatment plant and extend the collection system to serve approximately 970 new customers (the "Project"). The source of funds for the Loan will be a portion of the proceeds from an anticipated Infrastructure General Obligation Bond issue and this Loan is contingent upon the availability of those proceeds in the Infrastructure Fund. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the Town has received acceptable bids for the Project. The Council will set aside a portion of the next bond proceeds to be deposited in the Infrastructure Fund to make this Loan upon the Town's compliance with the program requirements. The Loan agreement will be between the Town and the West Virginia Water Development Authority (the "Authority"), who is the administrator of the Infrastructure Fund, acting on behalf of the Council.

This Loan commitment is also contingent upon the Town meeting the following schedule:

- a. Submit to the Public Service Commission a complete certificate of convenience and necessity application no later than April 30, 1999.

The Honorable John P. Steffey  
March 2, 1999  
Page 2

- b. Advertise for construction bids no later than August 15, 1999.
- c. Close the Project funding no later than December 15, 1999.

The Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Council.

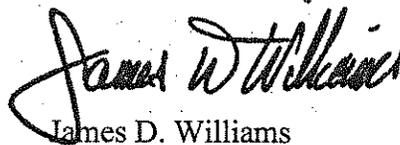
If the Town becomes aware that it will not meet one or more of the above schedule dates, the Town should immediately notify the Council of this fact and the circumstances which have caused or will cause the Town to be unable to meet the schedule. In addition, please immediately notify the Council if any of the other dates on the attached schedule have not or will not be met.

The Authority will enter into a Loan agreement with the Town following receipt of a final, nonappealable order from the Public Service Commission authorizing construction of the Project, approving rates, and approving the Project funding; evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; requisite bond-related documents and opinions in a form and substance satisfactory to the Authority and the Council; and any other documents requested by the Council. Following execution of the Loan agreement, the Council will establish a closing date.

No statements or representations made before or after the issuance of this contingent Loan commitment by any person, member of the Council, or agent or employee of the Authority shall be construed as approval to alter or amend this Loan commitment, as all such amendments or alterations shall only be made in writing after approval of the Council.

If the Town has any questions regarding this Loan commitment, please contact Susan J. Riggs at the above-referenced telephone number.

Sincerely,



James D. Williams

JDW/tb

Attachments

- cc: J. Michael Johnson, P.E.  
F. Wayne Hypes, P.E.  
H. Wyatt Hanna, III, Esquire  
Vincent A. Collins, Esquire  
John C. Stump, Esquire

The Honorable John P. Steffey  
March 2, 1999  
Page 3

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Council at the above address, and one to the Authority at 180 Association Drive, Charleston, WV 25311-1571.

Town of Oceana

By: \_\_\_\_\_  
Mayor

Date: \_\_\_\_\_

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

Town of Oceana  
Wastewater Treatment and Collection System Project  
96S-190  
March 2, 1999

SCHEDULE A

A. Approximate Amount: \$7,273,500 - Loan

B. Loan:

1. Maturity Date: 40 years from date of loan closing
2. Interest: 0%
3. Loan Advancement Date(s): Monthly, upon receipt of proper requisition, and after complete advancement of the State Revolving Fund loan except to the extent that the Infrastructure Fund loan is needed to pay Project costs not eligible for payment by the State Revolving Fund loan.
4. Debt Service Commencement Date: The first quarter following completion of construction which date must be identified prior to construction.
5. Special Conditions: None.

NOTICE: The terms set forth above are subject to change following the Governmental Agency's receipt of construction bids.

C. Other Funding Sources:

1. Clean Water State Revolving Fund Loan  
Amount: \$5,000,000

D. Proposed User Rates:

Average: \$31.00/4500 gallons

**TOWN OF OCEANA**  
**Wastewater Treatment Plant and Collection System Project**  
**96S-190**

<i>ACTION</i>	<i>RESPONSIBLE PARTY</i>	<i>START DATE</i>	<i>COMPLETION DATE</i>
1 Prepare and Submit P&S to OWR	Dunn Engineers, Inc.		Complete
2 Prepare and Submit Permit Applications	Dunn Engineers, Inc.		Complete
3 Prepare Rule 42	Accountant		Complete
4 Rate Ordinance	Attorney		Complete
a First Reading			
b Final Reading			
c File with PSC			
5 File Certificate Case with PSC	Attorney		04/30/99
6 P&S Review and Approval Process	OWR		Complete
7 Rights-of-Way, Easements, and Land Acquisition	Attorney	03/01/99	08/05/99
8 Authority to Advertise	OWR/IJDC		08/10/99
9 Advertise for Bids	Dunn Engineers, Inc.		08/15/99
10 Review and Approve PSC Certificate	PSC	04/30/99	11/01/99
11 Bid Opening	Dunn Engineers, Inc.		09/15/99
12 Loan Closing	Bond Counsel		12/15/99
13 Start Construction	Contractor	01/01/00	01/01/01



# West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman  
St. Albans  
James L. Harrison, Sr., Vice Chairman  
Princeton  
Dwight Calhoun  
Petersburg  
William J. Harman  
Grafton

980 One Valley Square  
Charleston, West Virginia 25301  
Telephone: (304) 558-4607  
Facsimile: (304) 558-4609

Katy Mallory, P.E.  
Executive Secretary

April 5, 2000

The Honorable John P. Steffey  
Mayor, Town of Oceana  
P.O. Box 190  
Oceana, West Virginia 24870

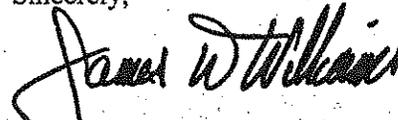
Re: Binding Commitment Letter-Revision  
Wastewater Treatment and Collection System Project 97W-331

Dear Mayor Steffey:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Town of Oceana's (the "Town") request for revision to the Council's Binding Commitment letter of March 2, 1999 to the Town for financing its wastewater project. At its April 5, 2000 meeting, the Council voted to revise the binding commitment with an additional \$364,000 Clean Water State Revolving Fund loan and an Infrastructure Fund grant of \$175,000 to cover the proposed cost overruns. All other conditions of that March 2, 1999 binding commitment remain in effect. A revised Schedule A is enclosed.

If the Town has any questions regarding this commitment, please contact Katy Mallory at (304) 558-4607.

Sincerely,

  
James D. Williams

JDW/km  
Attachments

cc: Mike Johnson, DEP  
✓ John Stump

NOTE:

This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return two copies to this office.

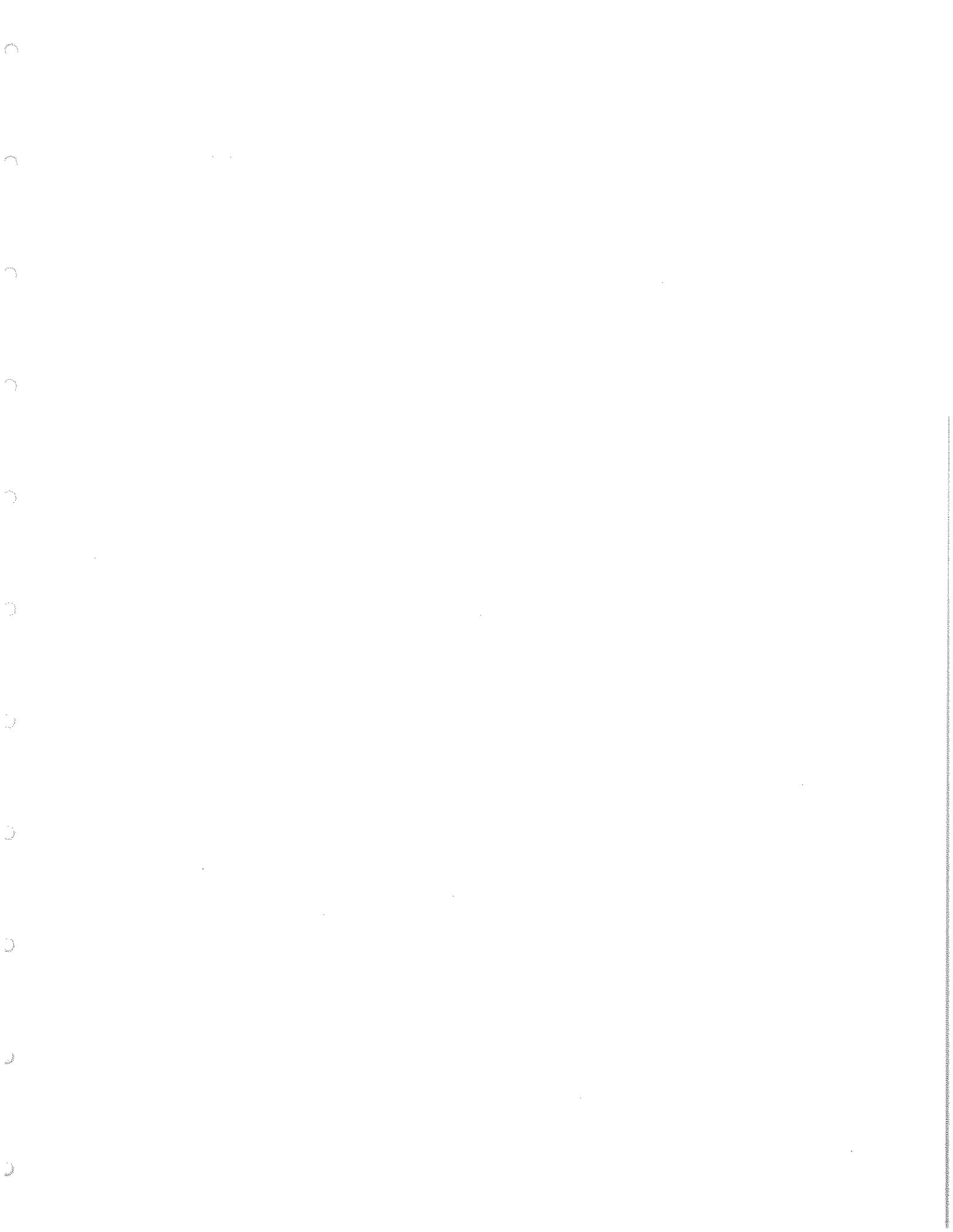
Town of Oceana

By: \_\_\_\_\_

Mayor

Date: \_\_\_\_\_





TOWN OF OCEANA

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 21st day of June, 2000, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the Town of Oceana (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, in the principal amount of \$5,364,000, numbered AR-1 (the "Series 2000 A Bonds"), and the Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$7,273,500, numbered BR-1 (the "Series 2000 B Bonds"), both issued as a single, fully registered Bond, and both dated June 21, 2000.

2. At the time of such receipt, all the Series 2000 A Bonds and the Series 2000 B Bonds had been executed by the Mayor and the Recorder of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2000 A Bonds, of \$268,200, being a portion of the principal amount of the Series 2000 A Bonds. The balance of the principal amount of the Series 2000 A Bonds will be advanced by the Authority and the West Virginia Division of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2000 B Bonds, of \$746,022, being a portion of the principal amount of the Series 2000 B Bonds. The balance of the principal amount of the Series 2000 B Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

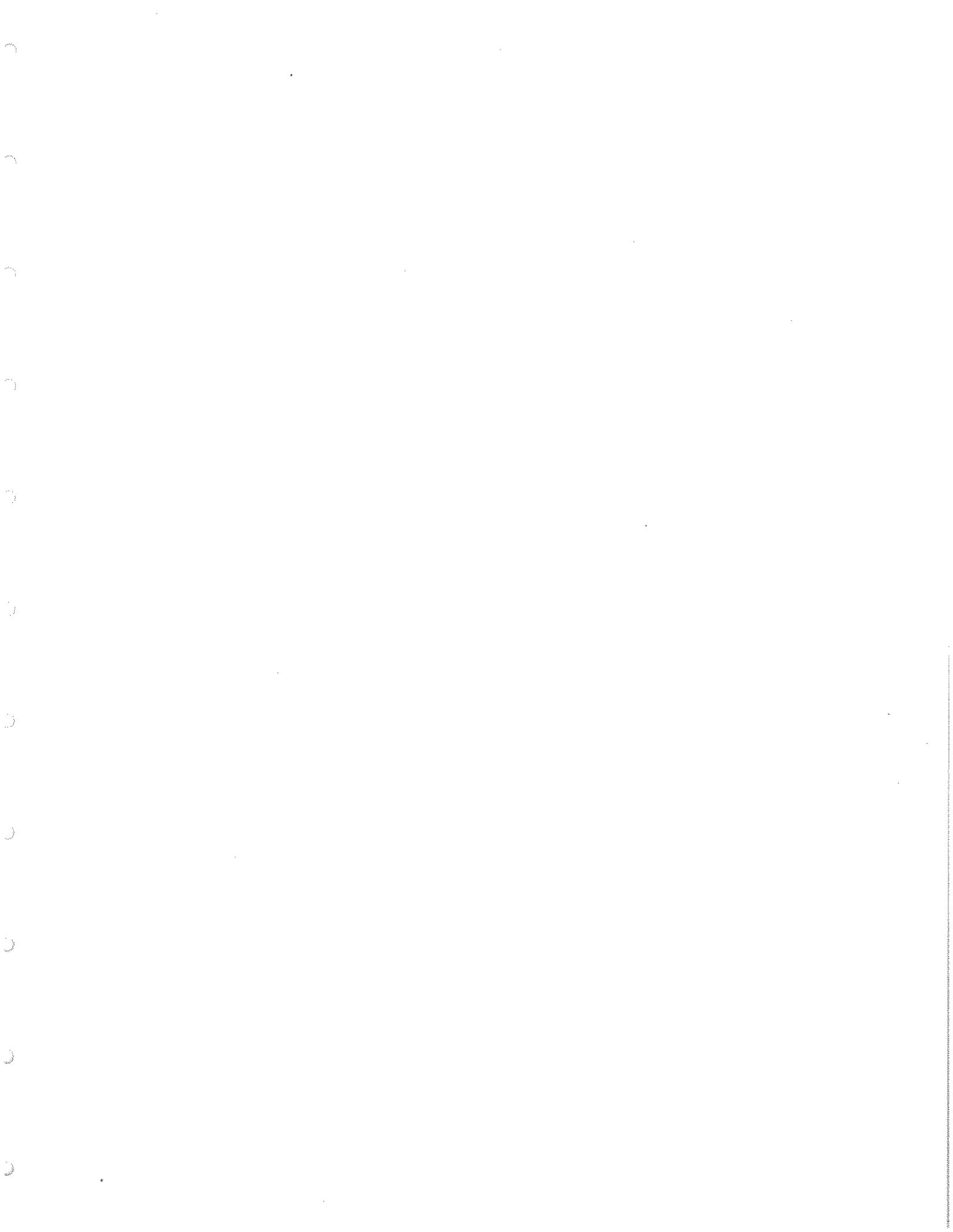
*Barbara B Meadows*

Authorized Representative

TOWN OF OCEANA

*John P. Steffen*  
Mayor

06/19/00  
668000/97001



TOWN OF OCEANA

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association,  
as Bond Registrar  
Charleston, West Virginia

Ladies and Gentlemen:

On this 21st day of June, 2000, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Oceana Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), in the principal amount of \$5,364,000 (the "Series 2000 A Bonds"), and Bond No. BR-1, constituting the entire original issue of the Town of Oceana Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the principal amount of \$7,273,000 (the "Series 2000 B Bonds"), both dated June 21, 2000 (collectively, the "Bonds"), executed by the Mayor and the Recorder of the Town of Oceana (the "Issuer") and bearing the official seal of the Issuer, respectively authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on June 8, 2000, and a Supplemental Resolution duly adopted by the Issuer on June 8, 2000 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bonds, duly certified by the Recorder of the Issuer;

(3) Executed counterparts of the Bond Purchase Agreement for the Series 2000 A Bonds, dated May 4, 2000, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection, and a Loan Agreement for the Series 2000 B Bonds, dated May 25, 2000, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (collectively, the "Loan Agreement"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

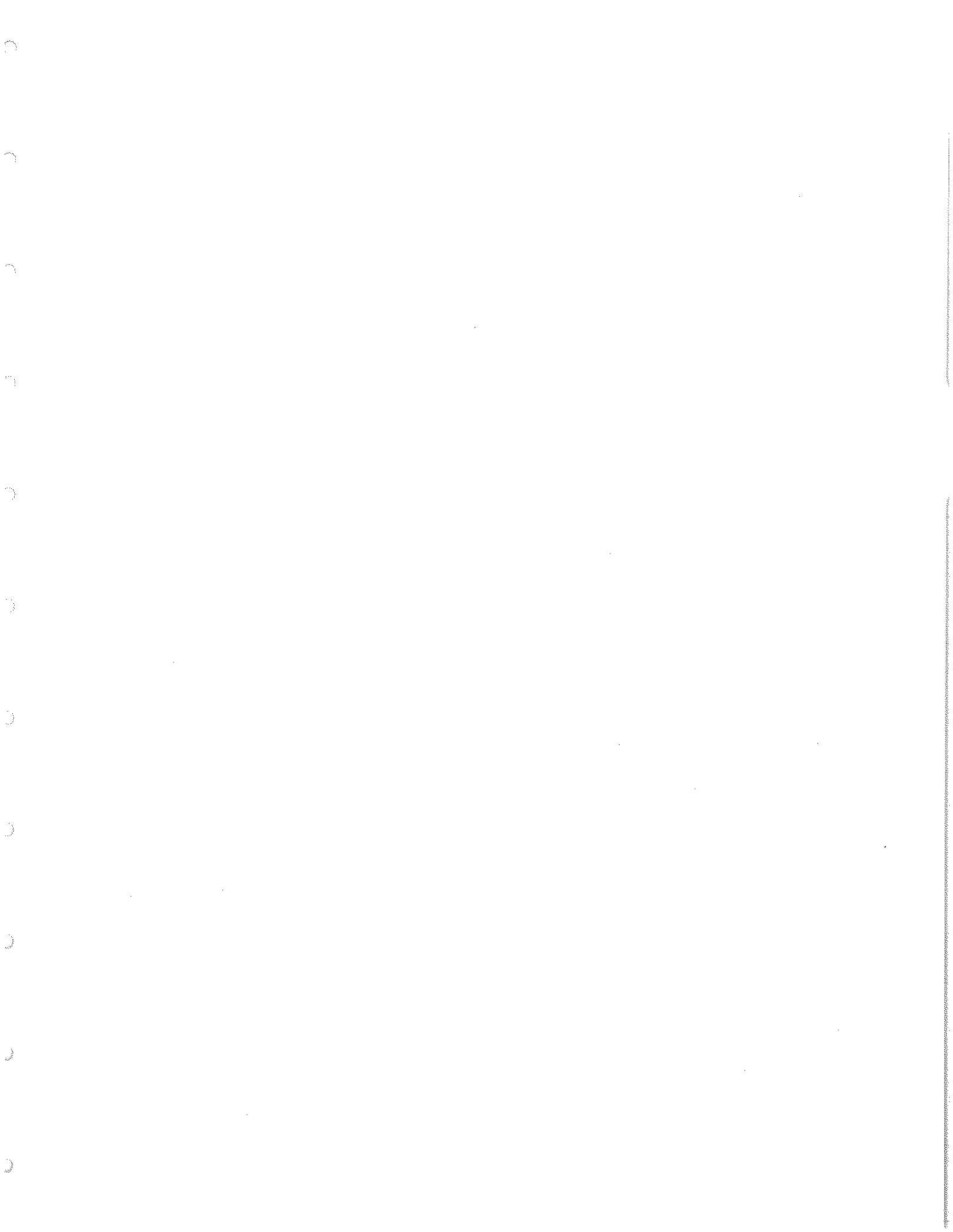
You are hereby requested and authorized to deliver the Series 2000 A Bonds to the Authority upon payment to the Issuer of the sum of \$268,200, representing a portion of the principal amount of the Series 2000 A Bonds. You are also hereby requested and authorized to deliver the Series 2000 B Bonds to the Authority upon payment to the Issuer of the sum of \$746,022, representing a portion of the principal amount of the Series 2000 B Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

TOWN OF OCEANA

  
Mayor

06/19/00  
668000/97001



# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF OCEANA  
SEWER REVENUE BOND, SERIES 2000 A  
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$5,364,000

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF OCEANA, a municipal corporation and political subdivision of the State of West Virginia in Wyoming 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 FIVE MILLION THREE HUNDRED SIXTY FOUR THOUSAND DOLLARS (\$5,364,000), 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 June 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. 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").

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 Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated May 4, 2000.

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 public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further 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 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as

amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on June 8, 2000, and a Supplemental Resolution duly adopted by the Issuer on June 8, 2000 (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) SEWER REVENUE BONDS, SERIES 1992 A, DATED NOVEMBER 18, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$952,364 (THE "SERIES 1992 A BONDS"); AND (2) SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 16, 2000, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,273,500 (THE "SERIES 2000 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENTS AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1992 B (THE "SERIES 1992 B BONDS"), DATED NOVEMBER 18, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$31,746.

THE SERIES 1992 A BONDS AND THE SERIES 1992 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds and the Series 1992 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2000 A Bonds Reserve Account and unexpended proceeds of the Bonds. 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, if any, on the Bonds, and all other obligations secured by a lien on

or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Series 2000 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2000 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with or junior to the Bonds, including the Series 2000 B Bonds and the Prior 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 the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (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.

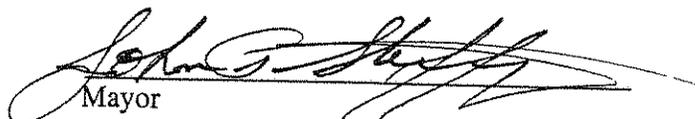
All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, 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.

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 this Bond.

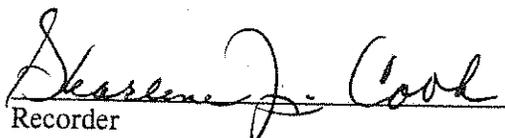
All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the TOWN OF OCEANA 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 June 21, 2000.

[SEAL]

  
Mayor

ATTEST:

  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A 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: June 21, 2000.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION, as Registrar

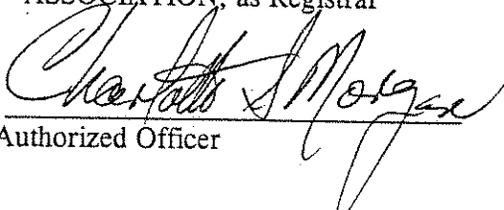
  
Authorized Officer

EXHIBIT A  
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$268,200	06/21/00	(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**

**Town of Oceana (West Virginia)**  
*Loan of \$5,364,000*  
*30 Years, 0% Interest Rate, 0.5% Administrative Fee*  
*Closing Date: June 21, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	44,700.00	-	44,700.00
9/01/2002	44,700.00	-	44,700.00
12/01/2002	44,700.00	-	44,700.00
3/01/2003	44,700.00	-	44,700.00
6/01/2003	44,700.00	-	44,700.00
9/01/2003	44,700.00	-	44,700.00
12/01/2003	44,700.00	-	44,700.00
3/01/2004	44,700.00	-	44,700.00
6/01/2004	44,700.00	-	44,700.00
9/01/2004	44,700.00	-	44,700.00
12/01/2004	44,700.00	-	44,700.00
3/01/2005	44,700.00	-	44,700.00
6/01/2005	44,700.00	-	44,700.00
9/01/2005	44,700.00	-	44,700.00
12/01/2005	44,700.00	-	44,700.00
3/01/2006	44,700.00	-	44,700.00
6/01/2006	44,700.00	-	44,700.00
9/01/2006	44,700.00	-	44,700.00
12/01/2006	44,700.00	-	44,700.00
3/01/2007	44,700.00	-	44,700.00
6/01/2007	44,700.00	-	44,700.00
9/01/2007	44,700.00	-	44,700.00
12/01/2007	44,700.00	-	44,700.00
3/01/2008	44,700.00	-	44,700.00
6/01/2008	44,700.00	-	44,700.00
9/01/2008	44,700.00	-	44,700.00
12/01/2008	44,700.00	-	44,700.00
3/01/2009	44,700.00	-	44,700.00
6/01/2009	44,700.00	-	44,700.00
9/01/2009	44,700.00	-	44,700.00
12/01/2009	44,700.00	-	44,700.00
3/01/2010	44,700.00	-	44,700.00
6/01/2010	44,700.00	-	44,700.00
9/01/2010	44,700.00	-	44,700.00
12/01/2010	44,700.00	-	44,700.00
3/01/2011	44,700.00	-	44,700.00
6/01/2011	44,700.00	-	44,700.00
9/01/2011	44,700.00	-	44,700.00
12/01/2011	44,700.00	-	44,700.00

Town of Oceana (West Virginia)  
 Loan of \$5,364,000  
 30 Years, 0% Interest Rate, 0.5% Administrative Fee  
 Closing Date: June 21, 2000

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
3/01/2012	44,700.00	-	44,700.00
6/01/2012	44,700.00	-	44,700.00
9/01/2012	44,700.00	-	44,700.00
12/01/2012	44,700.00	-	44,700.00
3/01/2013	44,700.00	-	44,700.00
6/01/2013	44,700.00	-	44,700.00
9/01/2013	44,700.00	-	44,700.00
12/01/2013	44,700.00	-	44,700.00
3/01/2014	44,700.00	-	44,700.00
6/01/2014	44,700.00	-	44,700.00
9/01/2014	44,700.00	-	44,700.00
12/01/2014	44,700.00	-	44,700.00
3/01/2015	44,700.00	-	44,700.00
6/01/2015	44,700.00	-	44,700.00
9/01/2015	44,700.00	-	44,700.00
12/01/2015	44,700.00	-	44,700.00
3/01/2016	44,700.00	-	44,700.00
6/01/2016	44,700.00	-	44,700.00
9/01/2016	44,700.00	-	44,700.00
12/01/2016	44,700.00	-	44,700.00
3/01/2017	44,700.00	-	44,700.00
6/01/2017	44,700.00	-	44,700.00
9/01/2017	44,700.00	-	44,700.00
12/01/2017	44,700.00	-	44,700.00
3/01/2018	44,700.00	-	44,700.00
6/01/2018	44,700.00	-	44,700.00
9/01/2018	44,700.00	-	44,700.00
12/01/2018	44,700.00	-	44,700.00
3/01/2019	44,700.00	-	44,700.00
6/01/2019	44,700.00	-	44,700.00
9/01/2019	44,700.00	-	44,700.00
12/01/2019	44,700.00	-	44,700.00
3/01/2020	44,700.00	-	44,700.00
6/01/2020	44,700.00	-	44,700.00
9/01/2020	44,700.00	-	44,700.00
12/01/2020	44,700.00	-	44,700.00
3/01/2021	44,700.00	-	44,700.00
6/01/2021	44,700.00	-	44,700.00
9/01/2021	44,700.00	-	44,700.00
12/01/2021	44,700.00	-	44,700.00
3/01/2022	44,700.00	-	44,700.00
6/01/2022	44,700.00	-	44,700.00
9/01/2022	44,700.00	-	44,700.00
12/01/2022	44,700.00	-	44,700.00
3/01/2023	44,700.00	-	44,700.00
6/01/2023	44,700.00	-	44,700.00

Town of Oceana (West Virginia)  
 Loan of \$5,364,000  
 30 Years, 0% Interest Rate, 0.5% Administrative Fee  
 Closing Date: June 21, 2000

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
9/01/2023	44,700.00	-	44,700.00
12/01/2023	44,700.00	-	44,700.00
3/01/2024	44,700.00	-	44,700.00
6/01/2024	44,700.00	-	44,700.00
9/01/2024	44,700.00	-	44,700.00
12/01/2024	44,700.00	-	44,700.00
3/01/2025	44,700.00	-	44,700.00
6/01/2025	44,700.00	-	44,700.00
9/01/2025	44,700.00	-	44,700.00
12/01/2025	44,700.00	-	44,700.00
3/01/2026	44,700.00	-	44,700.00
6/01/2026	44,700.00	-	44,700.00
9/01/2026	44,700.00	-	44,700.00
12/01/2026	44,700.00	-	44,700.00
3/01/2027	44,700.00	-	44,700.00
6/01/2027	44,700.00	-	44,700.00
9/01/2027	44,700.00	-	44,700.00
12/01/2027	44,700.00	-	44,700.00
3/01/2028	44,700.00	-	44,700.00
6/01/2028	44,700.00	-	44,700.00
9/01/2028	44,700.00	-	44,700.00
12/01/2028	44,700.00	-	44,700.00
3/01/2029	44,700.00	-	44,700.00
6/01/2029	44,700.00	-	44,700.00
9/01/2029	44,700.00	-	44,700.00
12/01/2029	44,700.00	-	44,700.00
3/01/2030	44,700.00	-	44,700.00
6/01/2030	44,700.00	-	44,700.00
9/01/2030	44,700.00	-	44,700.00
12/01/2030	44,700.00	-	44,700.00
3/01/2031	44,700.00	-	44,700.00
6/01/2031	44,700.00	-	44,700.00
9/01/2031	44,700.00	-	44,700.00
12/01/2031	44,700.00	-	44,700.00
3/01/2032	44,700.00	-	44,700.00
<b>Total</b>	<b>5,364,000.00</b>	<b>-</b>	<b>5,364,000.00 *</b>

\*Plus \$3,380.44 one-half percent administrative fee paid quarterly.  
 Total fee over the life of the loan is \$405,652.80.

**Town of Oceana (West Virginia)**

*Loan of \$5,364,000*

*30 Years, 0% Interest Rate, 0.5% Administrative Fee*

*Closing Date: June 21, 2000*

**DEBT SERVICE SCHEDULE**

**YIELD STATISTICS**

Bond Year Dollars.....	\$90,294.00
Average Life.....	16.833 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	1.44E-11
Bond Yield for Arbitrage Purposes.....	1.44E-11
All Inclusive Cost (AIC).....	0.4472682%
<b>IRS FORM 8038</b>	
Net Interest Cost.....	-
Weighted Average Maturity.....	16.833 Years

*Ferris, Baker Watts, Incorporated*  
*Public Finance*

*File = srjoceana.sf-04 28 00- SINGLE PURPOSE*  
*6/8/2000 11:02 AM*

(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 with full power of  
substitution in the premises.

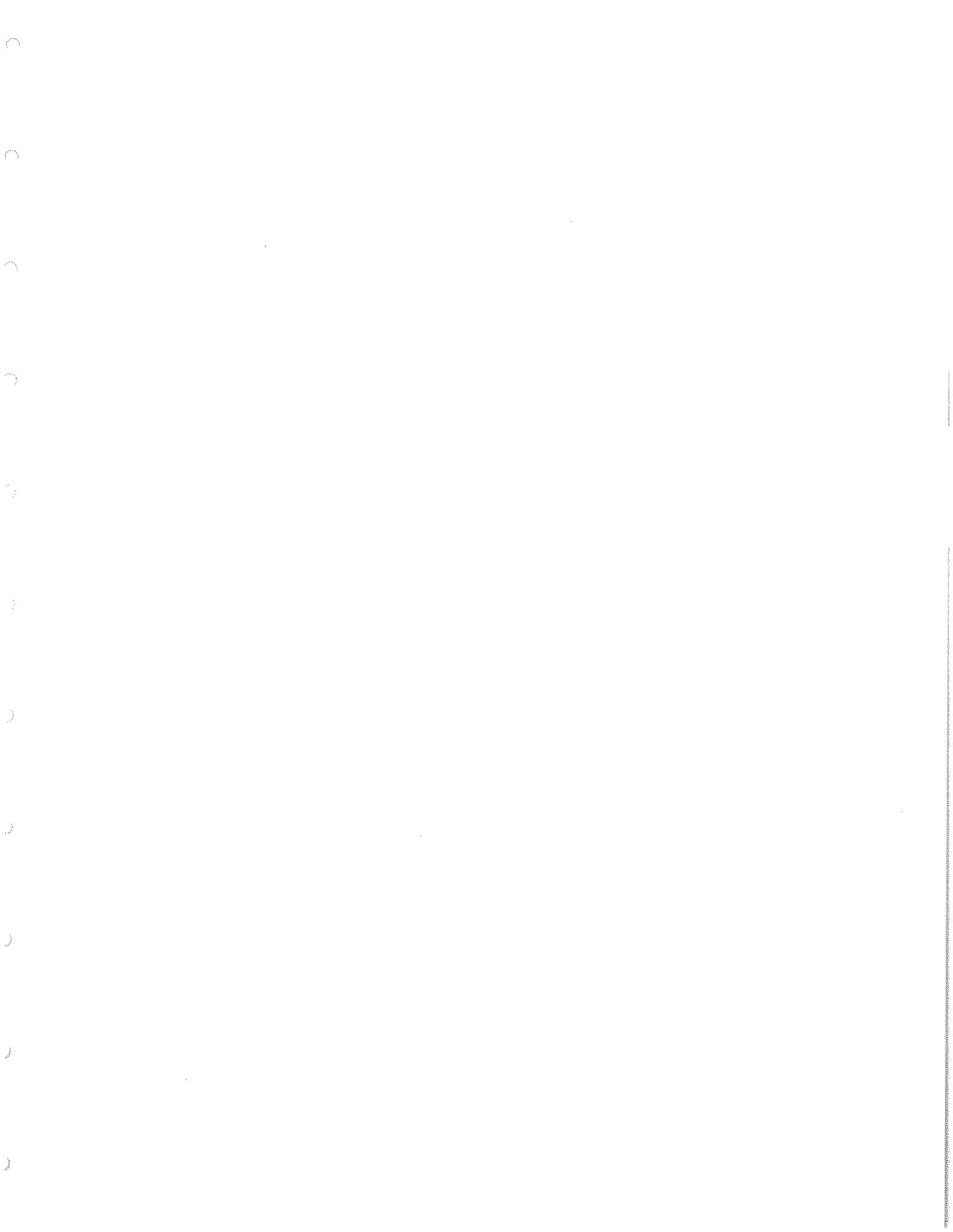
Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

06/19/00  
668000/97001



# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF OCEANA  
SEWER REVENUE BOND, SERIES 2000 B  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$7,273,500

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF OCEANA, a municipal corporation and political subdivision of the State of West Virginia in Wyoming 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 SEVEN MILLION TWO HUNDRED SEVENTY THREE THOUSAND FIVE HUNDRED DOLLARS (\$7,273,500), 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 June 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. 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").

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 May 25, 2000.

This Bond is issued (i) to pay in full the entire outstanding principal of and all interest accrued on the Issuer's Sewerage System Design Revenue Bonds, Series 1996 A (West Virginia SRF Program); (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further 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 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as

amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on June 8, 2000, and a Supplemental Resolution duly adopted by the Issuer on June 8, 2000 (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) SEWER REVENUE BONDS, SERIES 1992 A, DATED NOVEMBER 18, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$952,364 (THE "SERIES 1992 A BONDS"); AND (2) SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 16, 2000, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,364,000 (THE "SERIES 2000 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1992 B (THE "SERIES 1992 B BONDS"), DATED NOVEMBER 18, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$31,746.

THE SERIES 1992 A BONDS AND THE SERIES 1992 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds and the Series 1992 A Bonds and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2000 B Bonds Reserve Account and unexpended proceeds of the Bonds. 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, if any, on the Bonds, and all other obligations secured by a lien on

or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Series 2000 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2000 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with or junior to the Bonds, including the Series 2000 A Bonds and the Prior 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 the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (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.

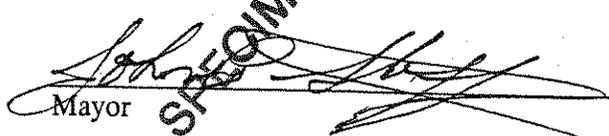
All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, 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.

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 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 OCEANA 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 June 21, 2000.

[SEAL]

  
Mayor

ATTEST:

  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: June 21, 2000.

ONE VALLEY BANK,  
NATIONAL ASSOCIATION,  
as Registrar

*Charles Morgan*  
\_\_\_\_\_  
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$746.022	06/21/00	(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

Town of Oceana (West Virginia)

Loan of \$7,273,500

0% Interest Rate, 40 Years

Closing Date: June 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	-	-	-
6/01/2002	47,540.00	-	47,540.00
9/01/2002	47,540.00	-	47,540.00
12/01/2002	47,540.00	-	47,540.00
3/01/2003	47,540.00	-	47,540.00
6/01/2003	47,540.00	-	47,540.00
9/01/2003	47,540.00	-	47,540.00
12/01/2003	47,540.00	-	47,540.00
3/01/2004	47,540.00	-	47,540.00
6/01/2004	47,540.00	-	47,540.00
9/01/2004	47,540.00	-	47,540.00
12/01/2004	47,540.00	-	47,540.00
3/01/2005	47,540.00	-	47,540.00
6/01/2005	47,540.00	-	47,540.00
9/01/2005	47,540.00	-	47,540.00
12/01/2005	47,540.00	-	47,540.00
3/01/2006	47,540.00	-	47,540.00
6/01/2006	47,540.00	-	47,540.00
9/01/2006	47,540.00	-	47,540.00
12/01/2006	47,540.00	-	47,540.00
3/01/2007	47,540.00	-	47,540.00
6/01/2007	47,540.00	-	47,540.00
9/01/2007	47,540.00	-	47,540.00
12/01/2007	47,540.00	-	47,540.00
3/01/2008	47,540.00	-	47,540.00
6/01/2008	47,540.00	-	47,540.00
9/01/2008	47,540.00	-	47,540.00
12/01/2008	47,540.00	-	47,540.00
3/01/2009	47,540.00	-	47,540.00
6/01/2009	47,540.00	-	47,540.00
9/01/2009	47,540.00	-	47,540.00
12/01/2009	47,540.00	-	47,540.00
3/01/2010	47,540.00	-	47,540.00
6/01/2010	47,540.00	-	47,540.00
9/01/2010	47,539.00	-	47,539.00
12/01/2010	47,539.00	-	47,539.00
3/01/2011	47,539.00	-	47,539.00
6/01/2011	47,539.00	-	47,539.00
9/01/2011	47,539.00	-	47,539.00
12/01/2011	47,539.00	-	47,539.00

Ferris, Baker Watts, Incorporated  
Public Finance

File = ifoceana.sf-05 25 99 Revised- SINGLE PURPOSE  
5/25/2000 4:32 PM

**Town of Oceana (West Virginia)**

*Loan of \$7,273,500*

*0% Interest Rate, 40 Years*

*Closing Date: June 21, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
9/01/2023	47,539.00	-	47,539.00
12/01/2023	47,539.00	-	47,539.00
3/01/2024	47,539.00	-	47,539.00
6/01/2024	47,539.00	-	47,539.00
9/01/2024	47,539.00	-	47,539.00
12/01/2024	47,539.00	-	47,539.00
3/01/2025	47,539.00	-	47,539.00
6/01/2025	47,539.00	-	47,539.00
9/01/2025	47,539.00	-	47,539.00
12/01/2025	47,539.00	-	47,539.00
3/01/2026	47,539.00	-	47,539.00
6/01/2026	47,539.00	-	47,539.00
9/01/2026	47,539.00	-	47,539.00
12/01/2026	47,539.00	-	47,539.00
3/01/2027	47,539.00	-	47,539.00
6/01/2027	47,539.00	-	47,539.00
9/01/2027	47,539.00	-	47,539.00
12/01/2027	47,539.00	-	47,539.00
3/01/2028	47,539.00	-	47,539.00
6/01/2028	47,539.00	-	47,539.00
9/01/2028	47,539.00	-	47,539.00
12/01/2028	47,539.00	-	47,539.00
3/01/2029	47,539.00	-	47,539.00
6/01/2029	47,539.00	-	47,539.00
9/01/2029	47,539.00	-	47,539.00
12/01/2029	47,539.00	-	47,539.00
3/01/2030	47,539.00	-	47,539.00
6/01/2030	47,539.00	-	47,539.00
9/01/2030	47,539.00	-	47,539.00
12/01/2030	47,539.00	-	47,539.00
3/01/2031	47,539.00	-	47,539.00
6/01/2031	47,539.00	-	47,539.00
9/01/2031	47,539.00	-	47,539.00
12/01/2031	47,539.00	-	47,539.00
3/01/2032	47,539.00	-	47,539.00
6/01/2032	47,539.00	-	47,539.00
9/01/2032	47,539.00	-	47,539.00
12/01/2032	47,539.00	-	47,539.00
3/01/2033	47,539.00	-	47,539.00
6/01/2033	47,539.00	-	47,539.00
9/01/2033	47,539.00	-	47,539.00
12/01/2033	47,539.00	-	47,539.00
3/01/2034	47,539.00	-	47,539.00
6/01/2034	47,539.00	-	47,539.00
9/01/2034	47,539.00	-	47,539.00
12/01/2034	47,539.00	-	47,539.00

**Town of Oceana (West Virginia)**

*Loan of \$7,273,500*

*0% Interest Rate, 40 Years*

*Closing Date: June 21, 2000*

**DEBT SERVICE SCHEDULE**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Total P+I</b>
3/01/2012	47,539.00	-	47,539.00
6/01/2012	47,539.00	-	47,539.00
9/01/2012	47,539.00	-	47,539.00
12/01/2012	47,539.00	-	47,539.00
3/01/2013	47,539.00	-	47,539.00
6/01/2013	47,539.00	-	47,539.00
9/01/2013	47,539.00	-	47,539.00
12/01/2013	47,539.00	-	47,539.00
3/01/2014	47,539.00	-	47,539.00
6/01/2014	47,539.00	-	47,539.00
9/01/2014	47,539.00	-	47,539.00
12/01/2014	47,539.00	-	47,539.00
3/01/2015	47,539.00	-	47,539.00
6/01/2015	47,539.00	-	47,539.00
9/01/2015	47,539.00	-	47,539.00
12/01/2015	47,539.00	-	47,539.00
3/01/2016	47,539.00	-	47,539.00
6/01/2016	47,539.00	-	47,539.00
9/01/2016	47,539.00	-	47,539.00
12/01/2016	47,539.00	-	47,539.00
3/01/2017	47,539.00	-	47,539.00
6/01/2017	47,539.00	-	47,539.00
9/01/2017	47,539.00	-	47,539.00
12/01/2017	47,539.00	-	47,539.00
3/01/2018	47,539.00	-	47,539.00
6/01/2018	47,539.00	-	47,539.00
9/01/2018	47,539.00	-	47,539.00
12/01/2018	47,539.00	-	47,539.00
3/01/2019	47,539.00	-	47,539.00
6/01/2019	47,539.00	-	47,539.00
9/01/2019	47,539.00	-	47,539.00
12/01/2019	47,539.00	-	47,539.00
3/01/2020	47,539.00	-	47,539.00
6/01/2020	47,539.00	-	47,539.00
9/01/2020	47,539.00	-	47,539.00
12/01/2020	47,539.00	-	47,539.00
3/01/2021	47,539.00	-	47,539.00
6/01/2021	47,539.00	-	47,539.00
9/01/2021	47,539.00	-	47,539.00
12/01/2021	47,539.00	-	47,539.00
3/01/2022	47,539.00	-	47,539.00
6/01/2022	47,539.00	-	47,539.00
9/01/2022	47,539.00	-	47,539.00
12/01/2022	47,539.00	-	47,539.00
3/01/2023	47,539.00	-	47,539.00
6/01/2023	47,539.00	-	47,539.00

**Town of Oceana (West Virginia)**

*Loan of \$7,273,500*

*0% Interest Rate, 40 Years*

*Closing Date: June 21, 2000*

**DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Total P+I
3/01/2035	47,539.00	-	47,539.00
6/01/2035	47,539.00	-	47,539.00
9/01/2035	47,539.00	-	47,539.00
12/01/2035	47,539.00	-	47,539.00
3/01/2036	47,539.00	-	47,539.00
6/01/2036	47,539.00	-	47,539.00
9/01/2036	47,539.00	-	47,539.00
12/01/2036	47,539.00	-	47,539.00
3/01/2037	47,539.00	-	47,539.00
6/01/2037	47,539.00	-	47,539.00
9/01/2037	47,539.00	-	47,539.00
12/01/2037	47,539.00	-	47,539.00
3/01/2038	47,539.00	-	47,539.00
6/01/2038	47,539.00	-	47,539.00
9/01/2038	47,539.00	-	47,539.00
12/01/2038	47,539.00	-	47,539.00
3/01/2039	47,539.00	-	47,539.00
6/01/2039	47,539.00	-	47,539.00
9/01/2039	47,539.00	-	47,539.00
12/01/2039	47,539.00	-	47,539.00
3/01/2040	47,539.00	-	47,539.00
6/01/2040	47,539.00	-	47,539.00
<b>Total</b>	<b>7,273,500.00</b>	<b>-</b>	<b>7,273,500.00</b>

**YIELD STATISTICS**

Bond Year Dollars.....	\$152,439.94
Average Life.....	20.958 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	2.00E-10
Bond Yield for Arbitrage Purposes.....	2.00E-10
All Inclusive Cost (AIC).....	2.00E-10

**IRS FORM 8038**

Net Interest Cost.....	-
Weighted Average Maturity.....	20.958 Years

*Ferris, Baker Watts, Incorporated*  
Public Finance

*File = ifoceana.sf-05 25 99 Revised- SINGLE PURPOSE*  
5/23/2000 4:32 PM

(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 with full power of  
substitution in the premises.

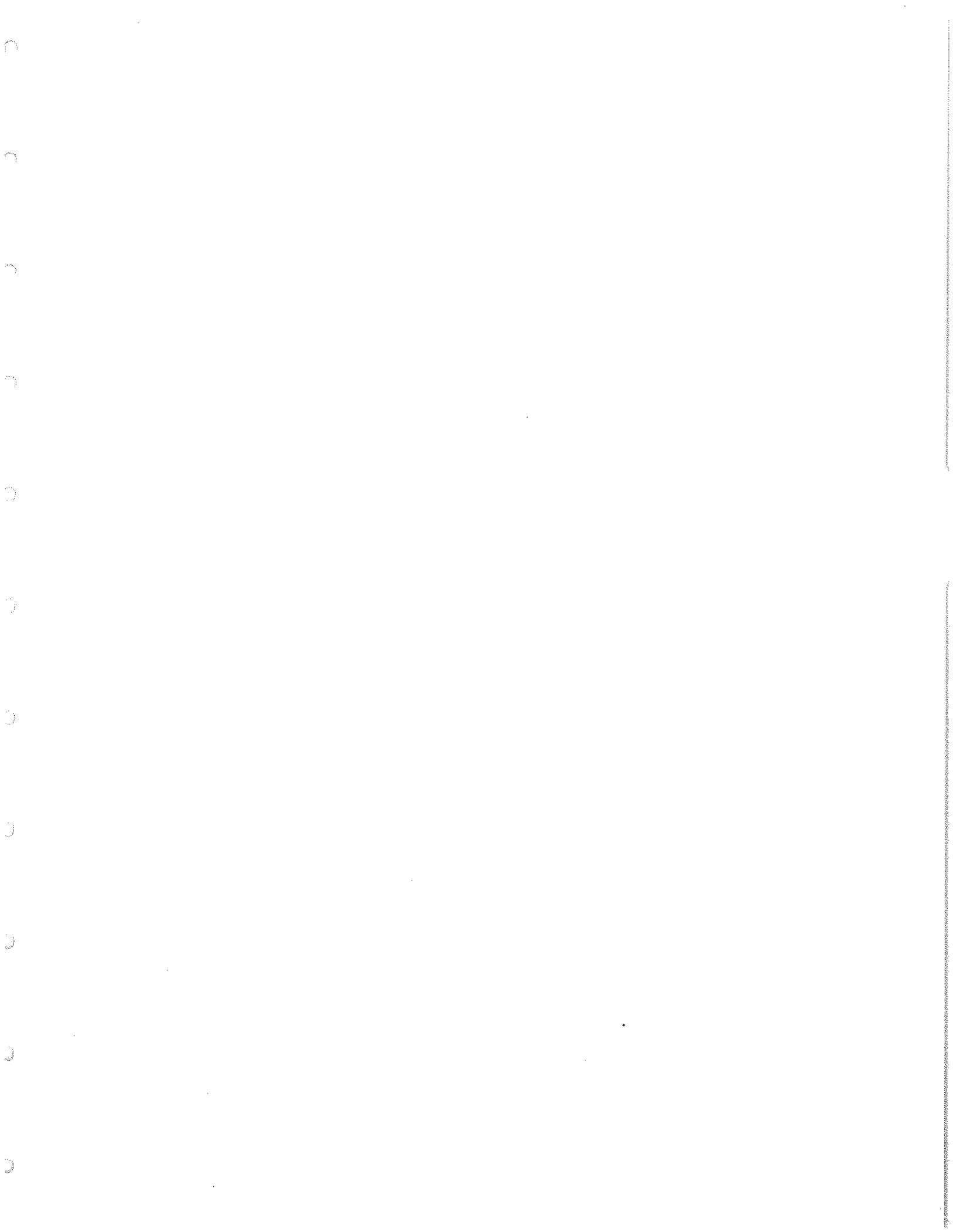
Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

06/19/00  
668000/97001



This FINANCING STATEMENT is presented to a filing officer for filing

1 Debtor(s) (Last Name First) and address(es) Town of Oceana Post Office Box 190 Oceana, WV 24870	2 Secured Party(ies) and address(es) West Virginia Water Development Authority 180 Association Drive Charleston, WV 25311	For Filing Officer (Date, Time, Number and Filing Office) <p style="text-align: center; font-size: 24px;">0542713</p> <p style="text-align: center;">00 JUN 30 PM 2:41</p>
--	---	---

4 This financing statement covers the following types (or items) of property:

See Schedule 1 attached hereto and made a part hereof.

WV SEC. OF STATE  
 FILED

ASSIGNEE OF SECURED PARTY

Check  If covered:  Proceeds of Collateral are also covered  Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Secretary of State of the State of West Virginia

Town of Oceana  
 By [Signature] Mayor Signature(s) of Debtor(s)  
 West Virginia Water Development Authority  
 By [Signature] Director Signature(s) of Secured Party(ies)

4 FILE COPY - SECURED PARTY(IES)

STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code: 3 Maturity date (if any) 06/1/2040

1 Debtor(s) (Last Name First) and address(es) Town of Oceana Post Office Box 190 Oceana, WV 24870	2 Secured Party(ies) and address(es) West Virginia Water Development Authority 180 Association Drive Charleston, WV 25311	For Filing Officer (Date, Time, Number and Filing Office)
--	---	---

4 This financing statement covers the following types (or items) of property:

See Schedule 1 attached hereto and made a part hereof

ASSIGNEE OF SECURED PARTY

Check  If covered:  Proceeds of Collateral are also covered  Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Secretary of State of West Virginia

Town of Oceana  
 By [Signature] Mayor Signature(s) of Debtor(s)  
 West Virginia Water Development Authority  
 By [Signature] Director Signature(s) of Secured Party(ies)

5 FILE COPY - DEBTOR(S)

TOWN OF OCEANA

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE OF FILING OF  
FINANCING STATEMENT - SECRETARY OF STATE

I, KEN HECHLER, Secretary of State of the State of West Virginia, hereby certify that on June 30, 2000, at the hour set forth below, there was filed in my office:

(1) A FINANCING STATEMENT between the Town of Oceana, as debtor, and West Virginia Water Development Authority, as secured party, filed at the hour of 2:41 p.m. as Financing Statement No. 0542713.

[SEAL]

  
\_\_\_\_\_  
Secretary of State of the State of West Virginia

06/29/00  
66800/97001

TOWN OF OCEANA

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

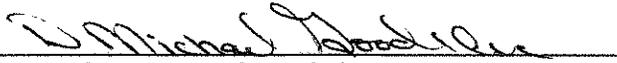
CERTIFICATE OF FILING OF FINANCING STATEMENT - COUNTY CLERK

I, Michael D. Goode, the duly elected, qualified and acting Clerk of The County Commission of Wyoming County, West Virginia, HEREBY CERTIFY that, on July 3, 2000, at the hours listed below, the following was received and recorded in my office:

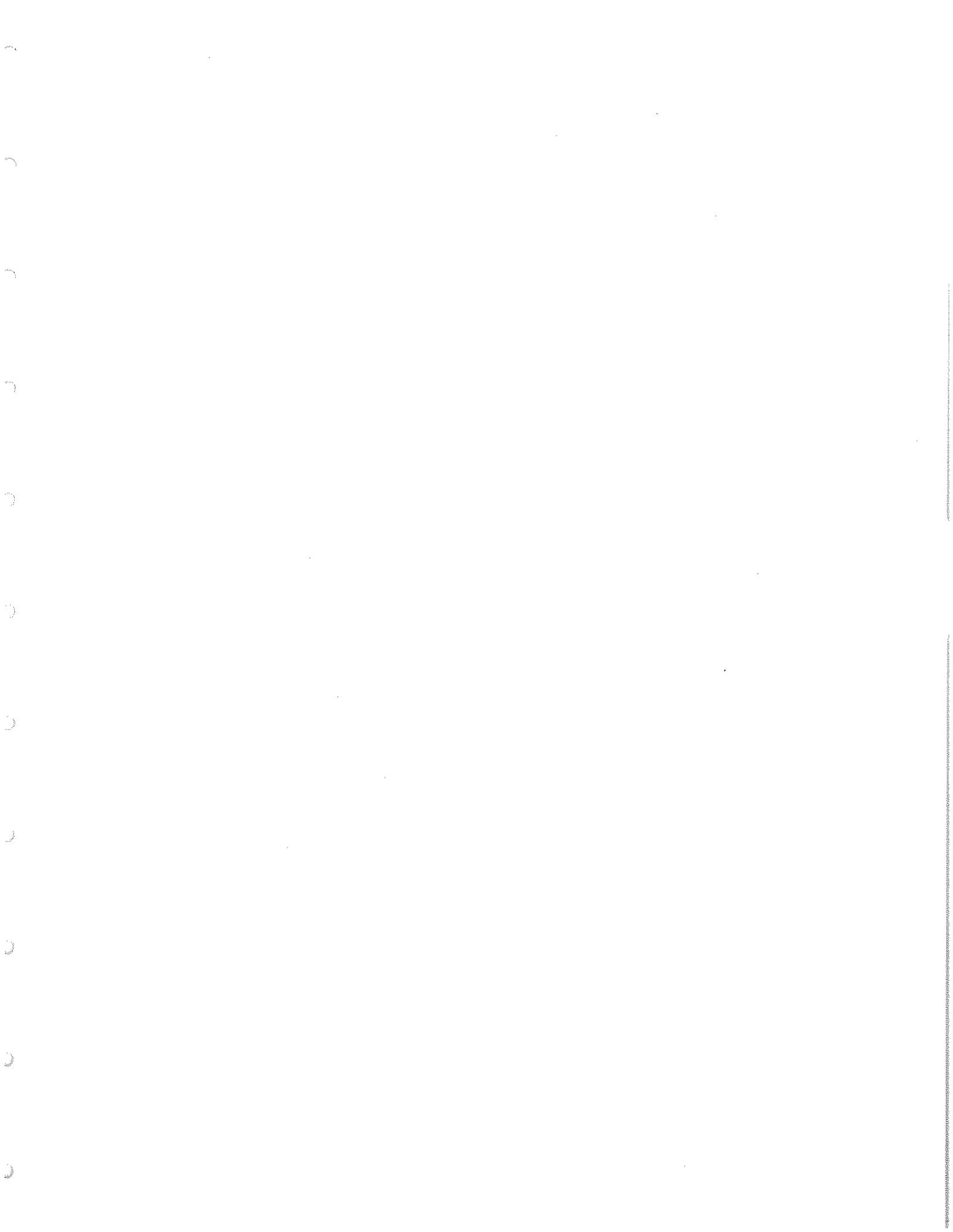
(1) A FINANCING STATEMENT between the Town of Oceana, as debtor, and West Virginia Water Development Authority, as assignee of secured party, filed at the hour of 10:52 A.m. in Financing Statement Book 3, at page 115.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said County Commission this 3rd day of July, 2000.

[SEAL]

  
Clerk of The County Commission of Wyoming County

06/29/00  
668000/97001



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

June 21, 2000

Town of Oceana

Sewer Revenue Bonds,

Series 2000 A (West Virginia SRF Program)

RILEY BUILDING, FOURTH FLOOR

14TH AND CHAPLINE STREETS

P. O. BOX 150

WHEELING, W. VA. 26009-0020

(304) 233-0000

FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK

200 STAR AVENUE, SUITE 220

P. O. BOX 628

PARKERSBURG, W. VA. 26102-0628

(304) 422-6463

FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER

1000 TECHNOLOGY DRIVE

P. O. BOX 2210

FAIRMONT, W. VA. 26554-8824

(304) 368-8000

FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

BANK ONE CENTER, SIXTH FLOOR  
P. O. BOX 2190  
CLARKSBURG, W. VA. 26030-2190  
(304) 624-8000  
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER  
P. O. BOX 1816  
MORGANTOWN, W. VA. 26507-1816  
(304) 598-8000  
FACSIMILE (304) 598-8116

126 EAST BURKE STREET  
P. O. BOX 2629  
MARTINSBURG, W. VA. 25402-2629  
(304) 263-8991  
FACSIMILE (304) 262-3541

Town of Oceana  
Oceana, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Division of  
Environmental Protection  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Oceana (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$5,364,000 Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a bond purchase agreement, dated May 4, 2000, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending March 1, 2032, all as set forth in the "Schedule Y" attached to the Bond Purchase 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 16, Article 13 and Chapter 22C,

Article 2 of the West Virginia Code of 1931, as amended (collectively, 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 public sewerage 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, the Bond Ordinance duly enacted by the Issuer on June 8, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 8, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been 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 Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Bond Purchase Agreement 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 validly 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 Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.
3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.
4. 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 Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1992 A, dated November 18, 1992, issued in the original aggregate principal amount of \$952,364, and Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated June 8, 2000, issued concurrently herewith in the original aggregate principal amount of \$7,273,500 and senior and prior to the Issuer's Sewer Revenue Bonds, Series 1992 B, dated November 18, 1992, issued in the original principal amount of \$31,746, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from gross income for federal income tax purposes, therefore, the interest, if any, on the Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

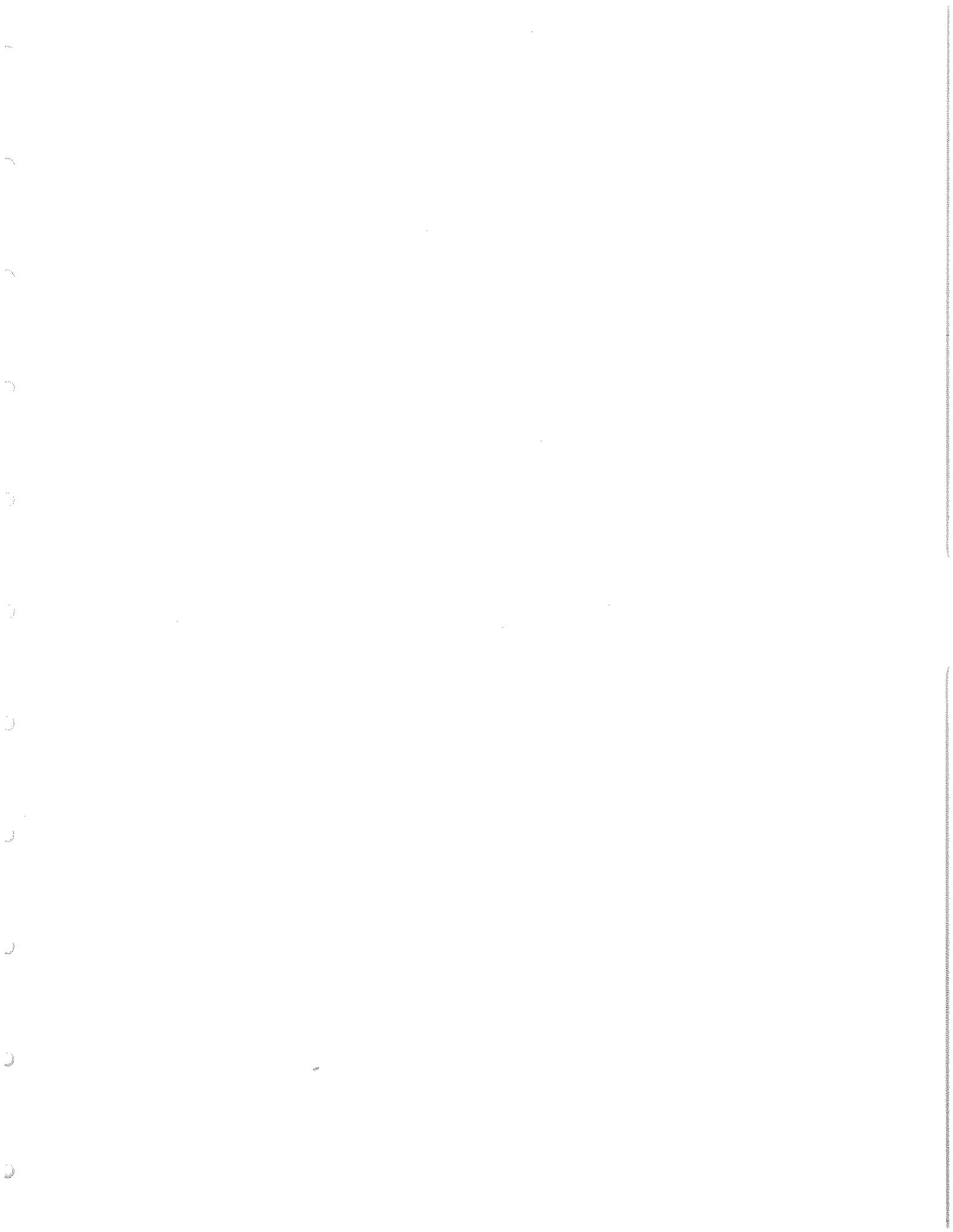
It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Bond Purchase Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion 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,



STEPTOE & JOHNSON



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

June 21, 2000

RILEY BUILDING, FOURTH FLOOR

14TH AND CHAPLINE STREETS

P. O. BOX 150

WHEELING, W. VA. 26003-0020

(304) 233-0000

FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK

200 STAR AVENUE, SUITE 220

P. O. BOX 628

PARKERSBURG, W. VA. 26102-0628

(304) 422-6463

FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER

1000 TECHNOLOGY DRIVE

P. O. BOX 2210

FAIRMONT, W. VA. 26554-8824

(304) 368-8000

FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

BANK ONE CENTER, SIXTH FLOOR  
P. O. BOX 2190  
CLARKSBURG, W. VA. 26302-2190  
(304) 624-8000  
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER  
P. O. BOX 1616  
MORGANTOWN, W. VA. 26507-1616  
(304) 598-8000  
FACSIMILE (304) 598-8116

126 EAST BURKE STREET  
P. O. BOX 2629  
MARTINSBURG, W. VA. 25402-2629  
(304) 263-6991  
FACSIMILE (304) 262-3541

Town of Oceana  
Sewer Revenue Bonds,  
Series 2000 B (West Virginia Infrastructure Fund)

Town of Oceana  
Oceana, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Oceana (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$7,273,500 Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated May 25, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between among 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 the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending June 1, 2040, 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 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the entire outstanding principal of and all interest accrued on the Issuer's Sewerage System Design

Revenue Bonds, Series 1996 A (West Virginia SRF Program); (ii) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on June 8, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 8, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been 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 Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement 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 validly 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 Bond Legislation 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, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and 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.

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. 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 Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1992 A, dated November 18, 1992, issued in the original aggregate principal amount of \$952,364 and Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 8, 2000, issued concurrently herewith in the original aggregate principal amount of \$5,364,000, and senior and prior to the Issuer's Sewer Revenue Bonds, Series 1992 B, dated November 18, 1992, issued in the original aggregate principal amount of \$31,746, all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest, if any, 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.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion 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,

  
STEPTOE & JOHNSON

06/19/00  
668000/97001



FORMERLY BAILEY, WORRELL,  
VIERS AND BROWNING

**ROBERT BROWNING, JR., L.C.**

Robert Browning, Jr.  
Attorney at Law  
P. O. Box 990  
Pineville, West Virginia 24874

TELEPHONE 304-732-6100  
FAX 304-732-6109

R. D. BAILEY (1883-1961)  
C. S. WORRELL (1910-1980)  
PAUL A. VIERS (1922-1985)  
ROBERT BAILEY (1912-1994)

June 21, 2000

Town of Oceana  
Oceana, WV 24870

West Virginia Water Development Authority  
Charleston, WV

West Virginia Division of Environmental Protection  
Charleston, WV

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, WV

Steptoe & Johnson  
Seventh Floor, Bank One Center  
Box 1588  
Charleston, WV 25326-1588

Re: Town of Oceana Sewer Revenue Bonds  
Series 2000 A (West Virginia SRF Program)  
Series 2000 B (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

I am counsel to the Town of Oceana in Wyoming County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a bond purchase agreement for the Series 2000 A Bonds, dated May 4, 2000, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), a loan agreement for the Series 2000 B Bonds, dated May 25, 2000, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on June 8, 2000, as supplemented by a Supplemental

Resolution duly adopted by the Issuer on June 8, 2000 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Recorder and members of the council of the Issuer and the Sanitary Board have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the issuer in their respective capacities.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

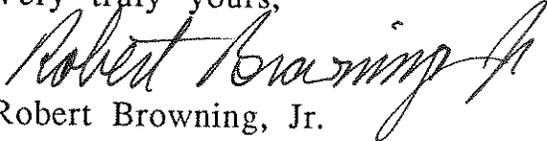
3. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation, 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 of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

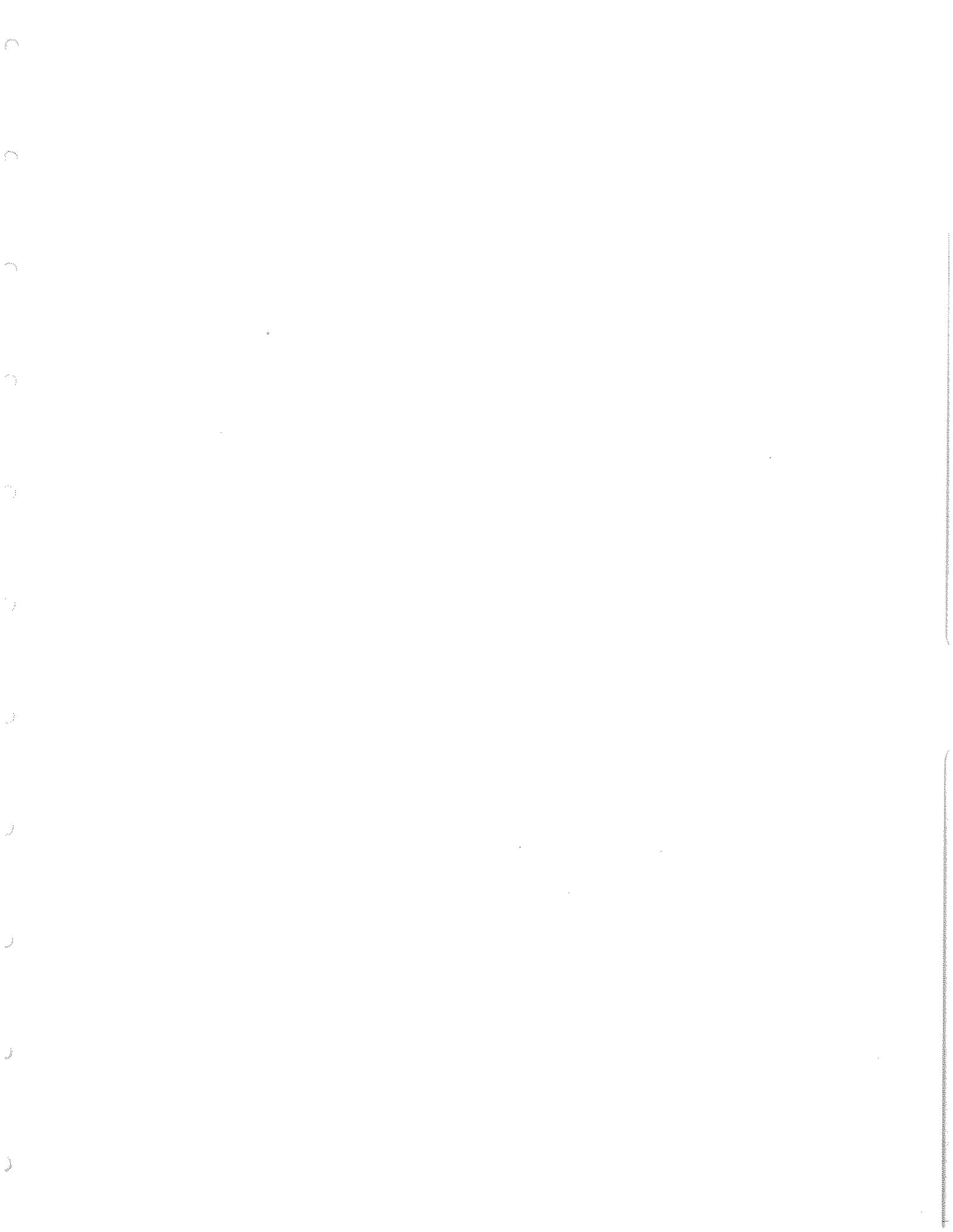
5. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

  
Robert Browning, Jr.

RB,JR:sme



HANNA & BONHAM  
ATTORNEYS AT LAW

---

H. WYATT HANNA, III  
LARRY M. BONHAM

512 D STREET  
P.O. BOX 8070  
SOUTH CHARLESTON, WV 25303  
(304) 744-3150 \* FAX (304) 744-3157

June 21, 2000

The Honorable John Steffey  
Mayor of the Town of Oceana  
P.O. Box 190  
Oceana, WV 24870

WV Infrastructure & Jobs  
Development Council  
980 One Valley Square  
Charleston, WV 25301

WV Water Development Authority  
180 Association Drive  
Charleston, WV 25311

WV Division of Environmental Protection  
617 Broad Street  
Charleston, WV 25301

Steptoe & Johnson  
Bank One Center, Seventh Floor  
P.O. Box 1588  
Charleston, WV 25326-1588

RE: Town of Oceana  
Sewer Revenue Bonds, Series 2000 A (WV SRF  
Program) and Series 2000 B (WV Infrastructure  
Fund)

Ladies and Gentlemen:

We are special counsel to the Town of Oceana, a municipal corporation and political subdivision in Wyoming County, West Virginia (the "Issuer"). As such, we have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above referenced bonds (the "Bonds") and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation, the Bond Purchase Agreement and Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Final Order entered on January 11, 2000, in Case No. 99-0820-S-CN and the time for appeal of such Final Order has expired prior to the date hereof without any appeal. The Town of Oceana on April 20, 2000, filed a Petition to reopen Case No. 99-0820-S-CN and on May 22, 2000, the Commission issued a Further Commission Order. The time for appeal of this Commission Order has not expired prior to the date hereof. However, the parties to such Commission Order have stated that they do not intend to appeal the May 22, 2000, Commission Order. Such Commission Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

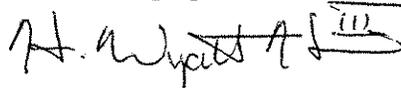
2. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System; including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Division of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken all other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

3. 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. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are 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 interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

Bond Opinion  
Town of Oceana  
Page 3  
June 21, 2000

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

A handwritten signature in dark ink, appearing to read "H. Wyatt Hanna, III". The signature is written in a cursive style with a horizontal line underlining the name.

H. Wyatt Hanna, III

HWHIII/rb



# HANNA & BONHAM

ATTORNEYS AT LAW

---

H. WYATT HANNA, III  
LARRY M. BONHAM

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P.O. BOX 8070  
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June 21, 2000

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RE: Town of Oceana  
Sewer Revenue Bonds, Series 2000 A (WV SRF  
Program) and Series 2000 B (WV Infrastructure  
Fund)

Ladies and Gentlemen:

## FINAL TITLE OPINION

This firm represents the Town of Oceana ("Oceana") with regard to the above referenced matter. This Title Opinion is being provided to you to satisfy the requirements with regard to the loans through the Clean Water State Revolving Loan Fund Program and the West Virginia Infrastructure and Jobs Development Council. As such, please be advised of the following:

Final Title Opinion

Page 2

June 21, 2000

1. That 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 for the project as described in Plans and Specifications prepared by Dunn Engineers, Inc., of Charleston, West Virginia, and approved by the Public Service Commission of West Virginia in Case No. 99-0820-S-CN.

2. That I have examined the records on file in the Office of the Clerk of the County Commission of Wyoming County, West Virginia, the county in which this project is to be located, and, in my opinion, the Town of Oceana has legal title or such other estate or interest in the necessary site components for the above referenced project, including easements and/or rights-of-way, sufficient to assure undisturbed use and possession for the purpose of construction, operation, and maintenance for the estimated life of the facilities to be constructed, except and subject to the following:

- a. (1) Jerry J. Harvey, concerning real property described in Deed Book 402, at Page 735, for a sanitary sewer easement.
- (2) Oliver Ray and Norma Smith, concerning real property described in Deed Book 213, at Page 232, for a sanitary sewer easement.
- (3) Larry and Martha Helmandollar, concerning real property described in Deed Book 370, at Page 33, for a sanitary sewer easement.
- (4) The Heirs, Successors, and Assigns of Andrew Toler, deceased, concerning real property described in Deed Book 113, at Page 187, for a sanitary sewer easement.
- (5) The Heirs, Successors, and Assigns of Beauford and Lilla Mae Tiller, deceased, concerning real property described in Deed Book 232, at Page 67, for the acquisition of a pump station site in fee simple.
- (6) Richard L. Dixon and Franchiski Dixon, his wife, concerning real property described in Deed Book 397, at Page 837, for the acquisition of a pump station site in fee simple.

Final Title Opinion

Page 3

June 21, 2000

b. If necessary, legal title will be acquired through formal condemnation proceedings for the property of each of the property owners listed above. To the extent that such proceedings have not yet been instituted and a right of entry has not yet been secured and recorded for each parcel, such proceedings, subject to the docket of the Circuit Court of Wyoming County, West Virginia, will be instituted and a right of entry secured and recorded within thirty (30) days of the Project loan closing. Said proceedings will be instituted in the Circuit Court of Wyoming County, West Virginia, on or before the date of the loan closing. Based upon information provided to this office by the Town of Oceana's consulting engineer, Dunn Engineers, Inc., the lack of title in those properties at closing will not impede the construction of the Project. The Town of Oceana is vested with the power of eminent domain and may acquire legal title and/or the necessary easements to the property of each of the property owners listed above.

c. The Town of Oceana has an option for each of the following properties, when exercised, will vest legal title or such other estate or interest in the necessary site components for the above referenced project in the name of the Town of Oceana, including easements or rights of way, sufficient to assure undisturbed use and possession for the estimated life of the facilities to be constructed. These properties are as follows:

Name	Deed Book/Page No.
1. Mike Brewster and Linda G. Brewster	378 / 725
2. Hyglia Facilities Foundation, Inc.	200 / 434
3. Alvin N. Morgan and Karen A. Morgan	372 / 643
4. Lonnie Ralph Tilley and Lucinda Jane Tilley	335 / 829
5. Tioga Lumber Company, Inc.	46 / 48
6. Raymond Cook	Tax Map 143 / Parcel 1

4. That any deeds or other documents which have been acquired to date by the Town of Oceana have been duly recorded in the aforesaid Clerk's Office in order to protect the interests of the Town of Oceana.

5. That I have been advised by Oceana's consulting engineer, Dunn Engineers, Inc., of Charleston, West Virginia, that the necessary permits as may be required by the governing authorities have been acquired for the project.

Final Title Opinion  
Page 4  
June 21, 2000

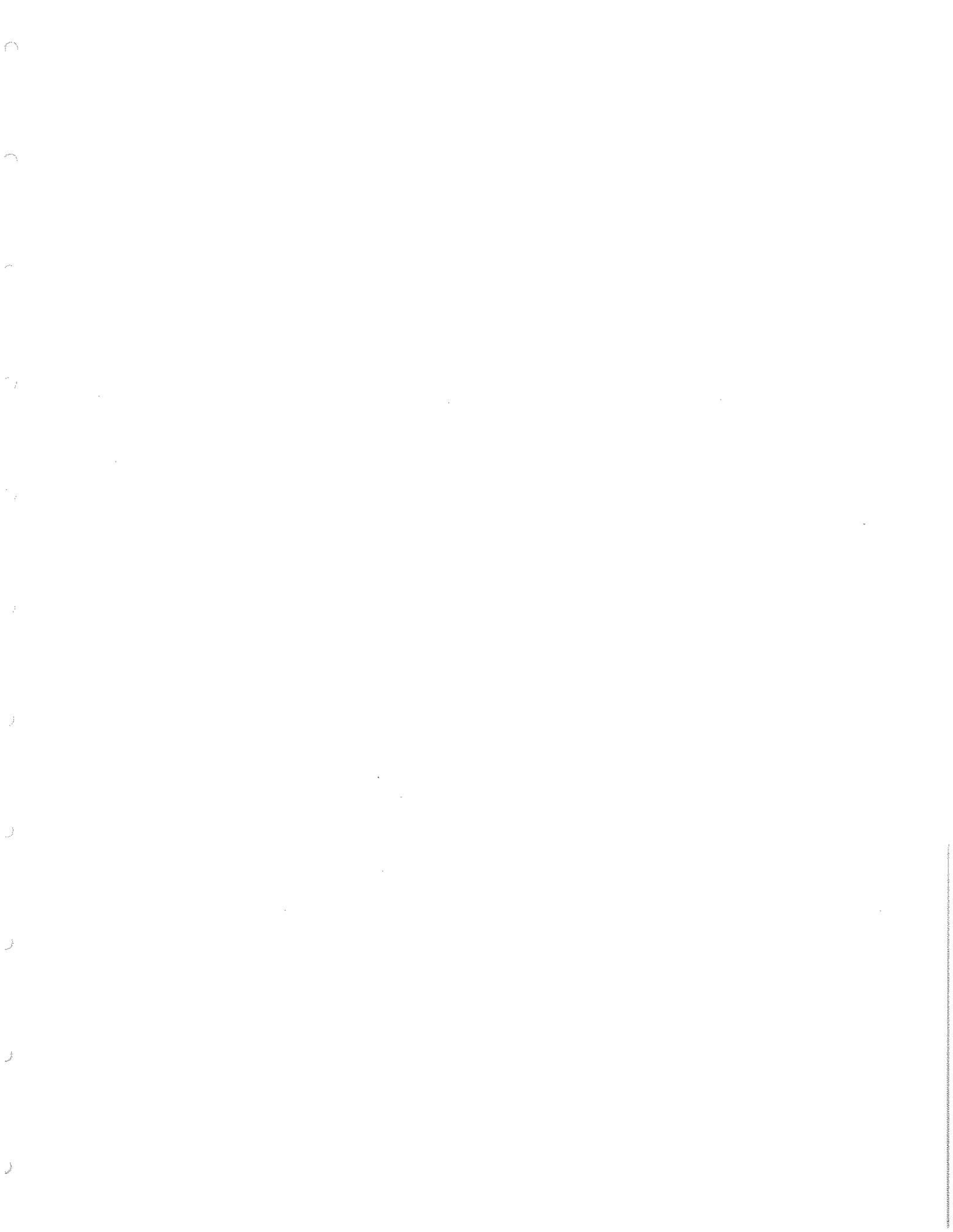
If you should have any questions regarding the information contained in this letter, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in dark ink, appearing to read "H. Wyatt Hanna, III". The signature is written in a cursive style with a horizontal line underlining the name.

H. Wyatt Hanna, III

HWHIII/rb  
cc: Dunn Engineers, Inc.



TOWN OF OCEANA

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENTS
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND  
ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDERS
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the Town of Oceana in Wyoming County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), and Series 2000 B (West Virginia Infrastructure Fund), both dated the date hereof (collectively, the "Bonds" or the "Series 2000 Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond

Ordinance of the Issuer duly enacted June 8, 2000, and the Supplemental Resolution duly adopted June 8, 2000 (collectively, the "Bond Legislation").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net 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, sale and issuance 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 Net Revenues as security for the Bonds.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, 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 West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

Following the refunding of the Sewerage System Design Revenue Bonds, Series 1996 A (West Virginia SRF Program), there remains outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2000 Bonds as to liens, pledge, source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 2000 Bonds as follows:

<u>Designation</u>	<u>Lien Position</u>
Sewer Revenue Bond, Series 1992 A, dated November 18, 1992, issued in the original aggregate principal amount of \$952,364 (the "Series 1992 A Bond")	First Lien
Sewer Revenue Bond, Series 1992 B, dated November 18, 1992, issued in the original aggregate principal amount of \$31,746 (the "Series 1992 B Bond")	Second Lien

The Series 1992 A Bond and the Series 1992 B Bond are hereinafter collectively called the "Prior Bonds".

The Series 2000 Bonds shall be issued on a parity with the Series 1992 A Bond, and senior and prior to the Series 1992 B Bond, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met; (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2000 Bonds on a parity with the Series 1992 A Bond; and (iii) the written consent of the Holder of the Series 1992 B Bond to the issuance of the Series 2000 Bonds on a senior and prior basis to the Series 1992 B Bond. 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. The Issuer is in compliance with the terms and provisions of the Prior Ordinances and no default exists with respect to the Prior Bonds.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

- Bond Ordinance
- Supplemental Resolution
- SRF Bond Purchase Agreement
- Infrastructure Council Loan Agreement
- Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Certificate of Incorporation

Oaths of Office of Officers and Councilmembers

Ordinance Creating Sanitary Board

Petition of Sanitary Board

Sewer Rate Ordinance

Affidavit of Publication of Sewer Rate Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Sewer Rate Ordinance

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Bond Ordinance and Adoption of Supplemental Resolution

NPDES Permit

Series 1992 A and Series 1992 B Bond Ordinance and Supplemental Resolution

Consent of Holder of Series 1992 A Bond and Series 1992 B Bond

Receipt of Payment of Series 1996 A Bonds

Infrastructure Council Grant Agreement

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "Town of Oceana." The Issuer is a municipal corporation in Wyoming County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its council, consisting of a Mayor, a Recorder and 5 councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
John P. Steffey	- Mayor	July 1, 1998	June 30, 2000
Sharlene Cook	- Recorder	July 1, 1998	June 30, 2000
Jack Elkins	- Councilmember	July 1, 1998	June 30, 2000
W. Clark Manning	- Councilmember	July 1, 1998	June 30, 2000
Johnny Aliff	- Councilmember	July 1, 1998	June 30, 2000
John Roach	- Councilmember	July 1, 1998	June 30, 2000
Nola Rose	- Councilmember	July 1, 1998	June 30, 2000

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman	-	John P. Steffey
Member	-	Joseph Zupanick, P.E.
Member	-	Dennis Worrell

The duly appointed and acting Counsel to the Issuer is Robert Browning, Jr., Esquire, in Pineville, West Virginia. The duly appointed and acting special Public Service Commission Counsel to the Issuer is Hanna & Bonham, in South Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all 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.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction and financing of the Project or the operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body 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. **CONTRACTORS' INSURANCE, ETC.:** All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreements is in full force and effect.

10. **LOAN AGREEMENTS:** As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do not contain any untrue statement 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 dates of the Loan Agreements 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 in the Loan Agreements not misleading; and (iv) the Issuer is in compliance with the Loan Agreements.

11. **RATES:** The Issuer has duly enacted a sewer rate ordinance on June 11, 1998, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently effective.

12. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond of each series, dated the date hereof, by his or her manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreements. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. **BOND PROCEEDS:** On the date hereof, the Issuer received \$268,200 from the Authority and the DEP, being a portion of the principal amount of the Series 2000 A Bonds and \$746,022 from the Authority and the Council, being a portion of the principal amount of the Series 2000 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. **PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE:** Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body 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 *Independent Herald*, a qualified newspaper of general

circulation in the Town of Oceana, there being no newspaper published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 8th day of June, 2000, at 7:00 p.m., at the Oceana Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was 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 Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Final Order and Commission Order of the Public Service Commission of West Virginia entered on January 11, 2000 and May 22, 2000, respectively, in Case No. 99-0820-S-CN 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 Final Order has expired prior to the date hereof without any appeal. The time for appeal of such Commission Order has not expired prior to the date hereof. However, the Issuer hereby states that it will not appeal such Commission Order and the other parties to such Commission Order have stated that they do not intend to appeal such Commission Order. Such Commission Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to original application.

Counsel to Issuer makes no certification to this Paragraph 15.

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

17. CONFLICT OF INTEREST: No 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 Bond Legislation 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.

18. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

19. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of the TOWN OF OCEANA on this 21st day of June, 2000.

[CORPORATE SEAL]

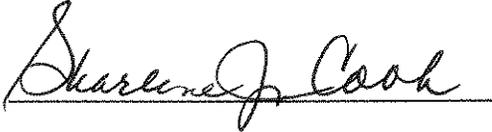
SIGNATURE

OFFICIAL TITLE



A handwritten signature in cursive script, appearing to read "John G. Stelly", written over a horizontal line.

Mayor



A handwritten signature in cursive script, appearing to read "Sharlene J. Cook", written over a horizontal line.

Recorder



A solid horizontal line intended for a signature.

Counsel to the Issuer

06/19/00  
668000/97001

WITNESS our signatures and the official seal of the TOWN OF OCEANA on this 16th day of June, 2000.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

\_\_\_\_\_

Mayor

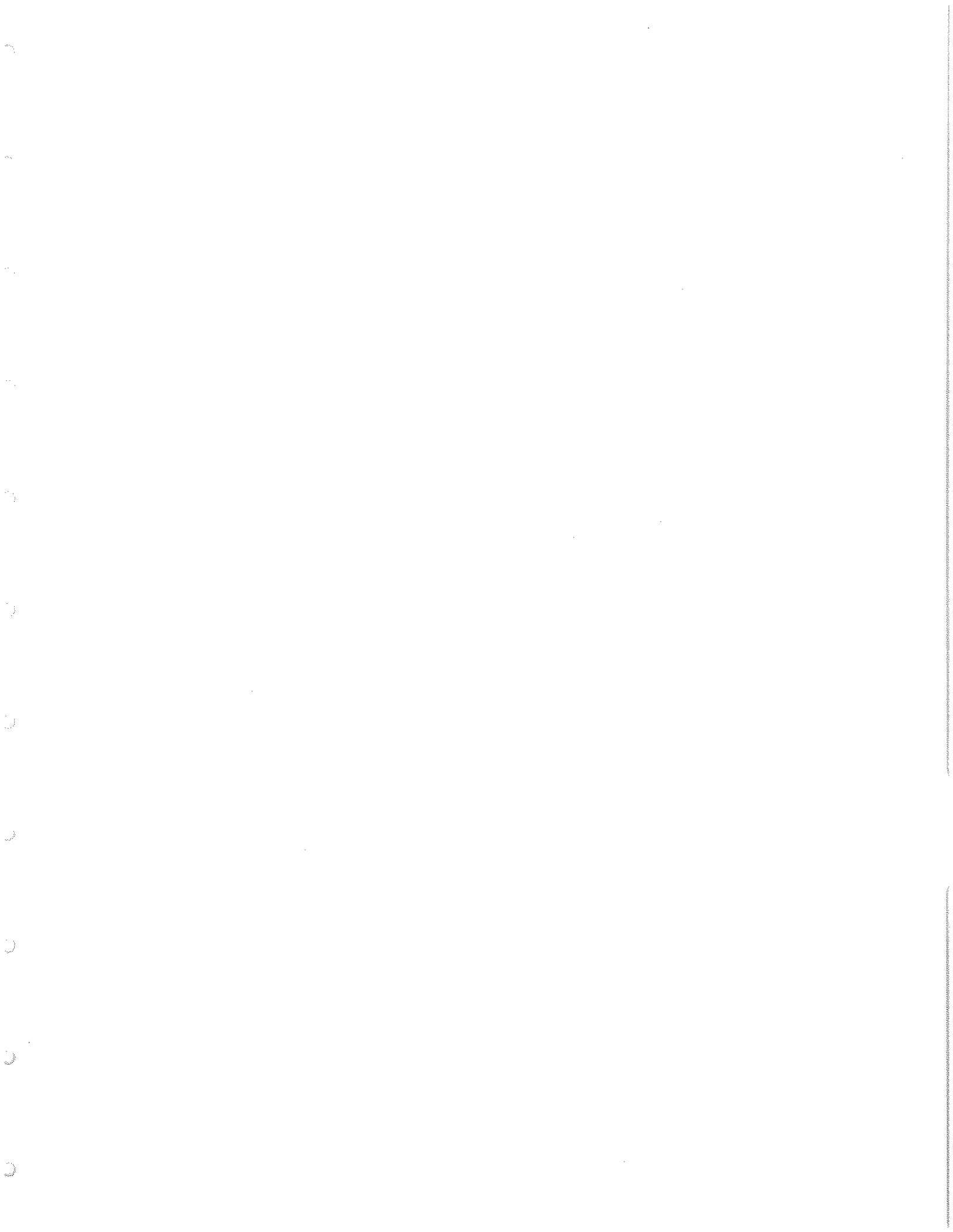
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Recorder

*Robert Browning Jr*

Counsel to the Issuer

06/05/00  
668000/97001



TOWN OF OCEANA

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, F. Wayne Hypes, Registered Professional Engineer, West Virginia License No. 10949, of Dunn Engineers, Inc., Charleston, West Virginia, hereby certify as follows:

1. My firm is the engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") to the existing public sewerage system (the "System") of the Town of Oceana (the "Issuer"), to be constructed primarily in Wyoming County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on June 8, 2000, as supplemented by the Supplemental Resolution adopted by the Issuer on June 8, 2000, and the Bond Purchase Agreement for the Series 2000 A Bonds, by and among the Issuer, the West Virginia Division of Environmental Protection (the "DEP") and the West Virginia Water Development Authority (the "Authority"), dated May 4, 2000, and the Loan Agreement for the Series 2000 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated May 25, 2000 (collectively, the "Loan Agreement").

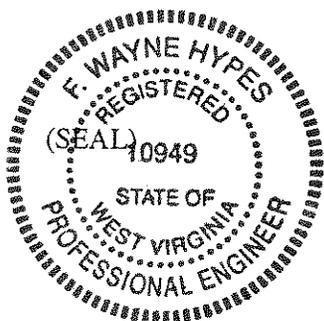
2. The Series 2000 A Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance and related costs.

3. The Series 2000 B Bonds are being issued for the purposes of (i) paying in full the entire outstanding principal of and all interest accrued on the Issuer's Sewerage System Design Revenue Bonds, Series 1996 A (West Virginia SRF Program); (ii) paying a portion of the costs of acquisition and construction of the Project; and (iii) paying certain costs of issuance and related costs.

4. 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

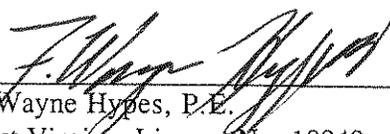
Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and the Council and any change orders approved by the Issuer, the Council, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, 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 Schedule A and the Schedule B attached hereto as Exhibit A and the Issuer's special counsel, H. Wyatt Hanna, III, Esquire, has ascertained that all successful bidders have made 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 the 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 the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Jeffrey S. Feamster, CPA, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan 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 and the Council; and (xi) attached hereto as Exhibit A is the final "Schedule A - Estimated Total Cost of Project, Sources of Funds and Cost of Financing" and the final "Schedule B - Final Total Cost of Project and Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 21st day of June, 2000.



05/31/00  
668000/97001

DUNN ENGINEERS, INC.

  
\_\_\_\_\_  
F. Wayne Hypes, P.E.  
West Virginia License No. 10949

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Town of Oceana

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1. Construction	\$	<u>10,497,696</u>	
2. Technical Services	\$	<u>892,400</u>	
3. Legal and Fiscal	\$	<u>70,000</u>	
4. Administrative	\$	<u>50,000</u>	
*5. Site and Other Lands	\$	<u>210,704</u>	
**6. Fac. Plan/Design or Other Loan Repayment (Specify Type: <u>SRF Design Loan Payoff</u> )	\$	<u>488,230</u>	
7. Interim Financing Costs	\$	<u>-0-</u>	
8. Contingency @ 5%	\$	<u>568,470</u>	
9. Total of Lines 1 Through 8			\$ <u>12,777,500</u>

B. Sources of Funds

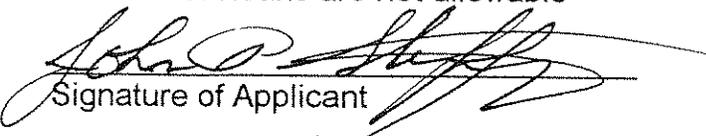
10. Federal Grants: <sup>1</sup>		\$	<u>                    </u>	
(Specify Sources)		\$	<u>                    </u>	
11. State Grants: <sup>1</sup>		\$	<u>                    </u>	
(Specify Sources)		\$	<u>                    </u>	
12. Other Grants: <sup>1</sup>	<u>IJDC Grant</u>	\$	<u>175,000</u>	
(Specify Sources)		\$	<u>                    </u>	
13. Any Other Source: <sup>2</sup>	<u>Loan 0% - 40 yr</u>	\$	<u>7,273,500</u>	
(Specify)	<u>IJDC</u>	\$	<u>                    </u>	
14. Total of Lines 10 Through 13				\$ <u>7,448,500</u>
15. Net Proceeds Required from Bond Issue (Line 9 minus Line 14)				\$ <u>                    </u>

C. Cost of Financing

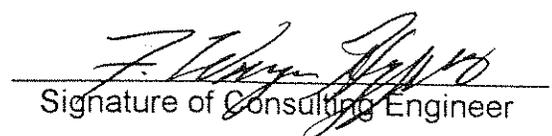
16. Capitalized Interest (Construction period plus six months)	\$	<u>                    </u>	
17. Funded Reserve Account: <sup>3</sup>	\$	<u>                    </u>	
18. Other Costs: <sup>4</sup>		\$	<u>35,000</u>
		\$	<u>                    </u>
19. Total Cost of Financing (lines 16 - 18)	\$	<u>                    </u>	
20. Size of Bond Issue (Line 15 plus Line 19)			\$ <u>5,364,000</u>

\* not allowable for State Revolving Fund Assistance

\*\* WDA loans are not allowable

  
Signature of Applicant

Date 6/21/00

  
Signature of Consulting Engineer

Date 6/21/00

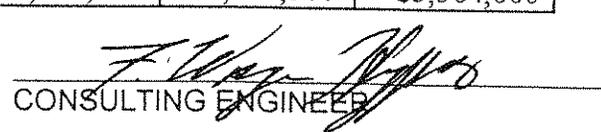
WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE B  
TOWN OF OCEANA

WWTP/COLLECTION SYSTEM EXTENSION PROJECT  
FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

	Total	IJDC	Oceana SRF Fund
<b>A. Cost of Project</b>			
1. Construction	\$10,497,696	\$5,168,696	\$5,329,000
a.			
b.			
c.			
d.			
2. Engineering Fees	\$892,400	\$892,400	
3. Legal	\$60,000	\$60,000	
4. Administration Region I PDC	\$50,000	\$50,000	
5. Sites and Other Lands	\$210,704	\$210,704	
6. Contingency	\$568,470	\$568,470	
7. Other Costs - SRF Design Loan Payoff	\$488,230	\$488,230	
8. Total of Lines 1 through 7	\$12,767,500	\$7,438,500	
<b>B. Sources of Funds</b>			
9. WV SRF Loan	\$5,364,000		
10. WV IJDC Grant	\$175,000	(\$175,000)	
11. Net Proceeds Required from Bond Issue (Line 8 minus Line 9)	\$7,228,500		
<b>C. Cost of Financing</b>			
12. Professional Services			
a. Bond Counsel	\$35,000		\$35,000
b. Accountant	\$10,000	\$10,000	
13. Total Cost of Financing (Lines 12a and 12b)	\$45,000	\$10,000	\$35,000
14. Size of Bond Issue (Line 11 plus Line 13)	\$7,273,500	\$7,273,500	\$5,364,000

  
GOVERNMENTAL AGENCY

  
CONSULTING ENGINEER

DATE: 6/21/00

DATE: 6/21/00



**Jeffrey S. Feamster, CPA**

Jeffrey S. Feamster  
Certified Public Accountant  
P.O. Box 121  
Lewisburg, West Virginia 24901

Phone: (304) 647-5980  
Fax: (304) 647-5980  
Cellular: (304) 667-7500  
Email: jsfcpa@write-me.com

June 21, 2000

Town of Oceana  
Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

West Virginia Water Development  
Authority  
Charleston, West Virginia

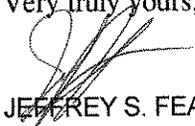
West Virginia Division of  
Environmental Protection  
Charleston, West Virginia

West Virginia Infrastructure and Jobs  
Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of the Town of Oceana (the "Issuer"), enacted June 11, 1998, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Dunn Engineers, Inc., it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of the Issuer (the "System"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), to be issued in the respective original aggregate principal amounts of \$5,364,000 and \$7,273,500 to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by or payable from the revenues of the System, prior to, on a parity with or junior to the Bonds, including the Issuer's Sewer Revenue Bonds, Series 1992 A and Sewer Revenue Bonds, Series 1992 B (collectively, the "Prior Bonds"). It is my further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by the Bonds, 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 on the Bonds and the Prior Bonds.

Very truly yours,

  
JEFFREY S. FEAMSTER, CPA



TOWN OF OCEANA

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the Town of Oceana in Wyoming County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$5,364,000 Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), and \$7,273,500 Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, both dated June 21, 2000 (the "Bonds"), hereby certifies as follows:

1. I am the officer 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 meanings set forth in the Bond Ordinance duly enacted by the Issuer on June 8, 2000, as supplemented (the "Bond 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 June 21, 2000, the date on which the Bonds are being physically delivered in exchange for an initial advance of \$268,200, being a portion of the principal amount of the Series 2000 A Bonds, and \$746,022, being a portion of the Series 2000 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), the West Virginia Division of Environmental Protection (the "DEP") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2000 A Bonds were sold on June 21, 2000, to the Authority, pursuant to a Bond Purchase Agreement dated May 4, 2000, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of \$5,364,000 (100% of par), at which time, the Issuer received \$268,200 from the Authority and the DEP, being the first advance of the principal amount of the Series 2000 A Bonds. No accrued interest has been or will be paid on the Series 2000 A Bonds. The balance of the principal amount of the Series 2000 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2000 B Bonds were sold on June 21, 2000, to the Authority, pursuant to a loan agreement dated May 25, 2000, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of \$7,273,500 (100% of par), at which time, the Issuer received \$746,022 from the Authority and the Council, being the first advance of the principal amount of the Series 2000 B Bonds. No accrued interest has been or will be paid on the Series 2000 B Bonds. The balance of the principal amount of the Series 2000 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2000 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds of this Series and related costs.

8. The Series 2000 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying in full the entire outstanding principal of, all interest accrued on, and the administrative fee for the Issuer's Sewerage System Design Revenue Bonds, Series 1996 A (West Virginia SRF Program) (the "Series 1996 A Bonds"); (ii) paying a portion of the costs of acquisition and construction of the Project; and (iii) paying certain costs of issuance of the Bonds of this Series and related costs.

9. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the respective 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 October 21, 2001. The acquisition and construction of the Project is expected to be completed by July 21, 2001.

10. The total cost of the Project financed from the proceeds of the Bonds (including all costs of issuance of the Bonds) is estimated at \$12,812,500. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2000 A Bonds	\$ 5,364,000
Proceeds of the Series 2000 B Bonds	\$ 7,273,500
West Virginia Infrastructure Council Grant	\$ <u>175,000</u>
Total Sources	<u>\$12,812,500</u>

USES

Costs of Acquisition and Construction of the Project	\$ 12,279,270
Refund Series 1996 A Bonds	\$ 488,230
Costs of Issuance	\$ <u>45,000</u>
Total Uses	<u>\$ 12,812,500</u>

11. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2000 Bonds:

- (1) Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund;
- (4) Series 2000 B Bonds Construction Trust Fund;
- (5) Series 2000 B Bonds Construction Trust Fund;
- (6) Series 1992 A Bonds Sinking Fund;
- (7) Within the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account;
- (8) Series 1992 B Bonds Sinking Fund;

- (9) Within the Series 1992 B Bonds Sinking Fund, the Series 1992 B Bonds Reserve Account;
- (10) Series 2000 A Bonds Sinking Fund;
- (11) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account;
- (12) Series 2000 B Bonds Sinking Fund; and
- (13) Within the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account;

12. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Bonds will be deposited as follows:

(1) Bond proceeds in the amount of \$-0- will be deposited in the Series 2000 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of \$-0- will be deposited in the Series 2000 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 B Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(3) Series 2000 A Bonds proceeds in the amount of \$-0- will be deposited in the Series 2000 A Bonds Reserve Account.

(4) Series 2000 B Bonds proceeds in the amount of \$-0- will be deposited in the Series 2000 B Bonds Reserve Account.

(5) Series 2000 B Bonds proceeds in the amount of \$488,230 will pay the entire outstanding interest on and principal of the Series 1996 A Bonds on the date hereof.

(6) The balance of the proceeds of the Series 2000 A Bonds will be deposited in the Series 2000 A 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 Series 2000 A Bonds and related costs.

(7) The balance of the proceeds of the Series 2000 B Bonds will be deposited in the Series 2000 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 Series 2000 B Bonds and related costs.

13. Moneys held in the Series 2000 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2000 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund and Series 2000 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

14. Moneys held in the Series 2000 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2000 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 2000 B Bonds Sinking Fund and Series 2000 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 B Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

15. 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 10 months of the date hereof.

16. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

17. With the exception of the amount deposited in the Series 2000 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 13 months from the date of issuance thereof.

18. With the exception of the amount deposited in the Series 2000 B Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 13 months from the date of issuance thereof.

19. 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.

20. 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.

21. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

22. 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.

23. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

24. 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.

25. The Bonds are not federally guaranteed.

26. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose bonds.

27. The Issuer has either (a) funded the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Reserve Account, the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

28. 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.

29. 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.

30. 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.

31. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature on this 21st day of June, 2000.

TOWN OF OCEANA

  
Mayor

06/19/00  
668000/97001



TOWN OF OCEANA  
CERTIFICATE OF INCORPORATION

A certificate under oath of J. L. Blankenship, L. W. Beane, B. L. Morgan and R. C. Hatfield was this day filed, showing that a majority of all the qualified voters residing in the following boundary, to-wit:

Beginning at a beech tree on the north bank of Clear Fork, a corner on the division line between Hayes Cook and Jim Blake tracts, thence with said division line in a northerly direction crossing State Highway No. 7 and running 750 feet more or less, to the northern right of way line of said highway, thence with said right of way line in an easterly direction for 350 feet, more or less, to a planted stone, a corner on division line between said Cook and Blake, thence with said division line in a northerly direction for 1000 feet to a stake on hillside, thence N. 62° 15' E, extending through the property of Ray Fletcher about 200 feet north of his residence, crossing State Highway No. 10 and running 1950 feet, more or less, to a stake on hillside 300 feet from the center of said Highway No. 10, thence with lines parallel to and 300 feet easterly and northerly of the center of Highway No. 10 and running in a southerly and easterly direction for 1500 feet, more or less, to a stake 300 feet radially distant from the center of Highway no. 10 in a northerly direction, said radial point on the center of Highway being 1600 feet in a westerly direction with center of Highway from the center of Dry Branch, thence with said radial line in a northerly direction for 200 feet to a stake, thence with lines parallel to and 500 feet northerly of the center of Highway No. 10 and running in an easterly direction for 1500 feet, more or less, to a stake, said stake being



situated at right angles in a northwesterly direction for 600 feet from the center of Dry Branch, thence in a northerly direction for 850 feet to a stake situated 500 feet due West from the center of Dry Branch, thence crossing the branch and running due East for 1000 feet to a stake, thence in a southeasterly direction for 750 feet, more or less, to a stake situated 500 feet radially distant from the center of Dry Branch, thence in a southwesterly direction for 850 feet, more or less, to a stake on hillside, said stake being 500 feet radially distant from station 712 - 77.2 in a northeasterly direction from center of Highway No. 10, thence with lines parallel to and 500 feet easterly from the center of Highway No. 10 and running in a southerly direction for 1900 feet, more or less, to a stake 500 feet radially distant in an easterly direction from the center of said Highway at station 692 - 99.4, thence with a line parallel to station 663 - 66.8 and 682 - 94 on center of said highway and running S. 67° 46' E. for 1700 feet to a stake, thence in a northeasterly direction for 3650 feet, more or less, to a wood plug in northhead wall of highway culvert over Cow Creek, thence with the northern right of way line of State Secondary Highway No. 2 in an easterly direction for 500 feet, thence crossing the road at right angles to said right of way line and running in a southerly direction for 100 feet, more or less, to the north edge of Clear Fork, thence with north edge of Clear Fork in a southeasterly direction for 550 feet, more or less, to a point opposite station 40 - 14.2 of the Kopperston Branch of Virginian Railway, thence in a southwesterly direction passing through station 40 - 14.2 and running 1400 feet, more or less, to a point 500 feet radially distant in a southeasterly direction from center line station 24 - 26.5 of said Railway, thence in a southerly direction

for 4200 feet, more or less, to a stake in the center of District Branch, said stake being situated with the boundary of District Branch 1500 feet from center line of State Highway No. 10, thence continuing in a southerly direction for 1100 feet, more or less, to a stake on the division line between Chambers Development Company and Doyle Cook, thence with said division line at 1000 feet crossing the center of State Highway No. 10 and running 2100 feet, more or less, to a stake 500 feet from the center of Laurel Fork, thence in a northwesterly direction for 3300 feet, more or less, to a point situated southwestward and 200 feet radially distant from the southern right of way line of Virginian Railway at station 701 - 24.8, thence with a line parallel to said southern right of way line and 200 feet southerly and westerly from same and running 2700 feet, more or less, to a point situated westerly and 200 feet radially distant from station 725 - 0, thence in a westerly direction, through the property of Board of Education and running 1600 feet, more or less, to a point situated in a southerly direction and 200 feet radially distant from the southern right of way line of said Railway at station 750 - 54, thence with a line parallel to and 200 feet southerly from the southerly right of way line of said Railway and running in a southwesterly direction for 2250 feet, more or less, to the intersection with the extension of previously mentioned Cook-Blake division line, thence with extension of Cook-Blake division line in a northerly direction for 400 feet, more or less, to the place of beginning, containing one and one-fourth (1 1/4) square miles, more or less,

have voted in due form of law, in favor of the incorporation of the Town of Oceana, in the county of Wyoming, bounded as herein set forth. And as it appears to the satisfaction of the

court that all of the provisions of chapter eight of the Code of West Virginia, have been complied with by the applicants for said incorporation, said Town is a body corporate, duly authorized within the corporate limits aforesaid, or as otherwise provided, to exercise all the corporate powers conferred by the said charter from and after the date of this certificate.

*[Signature]*  
Clerk of the Circuit Court of  
Wyoming County, West Virginia.

Dec. 5, 1947.

OFFICE OF THE CLERK OF THE COUNTY COURT 1947 DEC 5 AM 11:04  
WYOMING COUNTY, W. VA.

The foregoing writing together with the certificate of acknowledgment thereof thereto annexed, was this day admitted to record.

Teste: *[Signature]* Clerk.

*Law & City*

3

## IN RE: INCORPORATION OF THE TOWN OF OCEANA

This day came J. L. Blankenship, L. W. Beane, B. L. Morgan and R. C. Hatfield, by counsel, and tendered to the court and asked leave to file their petition, duly verified by affidavit praying to incorporate a certain boundary therein described as the "Town of Oceana", which leave is granted, and said petition is accordingly filed and the Clerk is directed to so endorse the same.

And it appearing to the court from said petition and from evidence introduced in support of the allegations of said petition that all of the provisions of Article 2 of Chapter 8 of the Code of West Virginia of 1943 have been complied with, and that a majority of the legal votes cast at the election held on November 28, 1947, were in favor of the incorporation of said boundary as described in said petition, it is, therefore, adjudged, and ordered that the territory as described and set forth in "Exhibit No. 1" with said petition be, and the same is, a body corporate duly authorized within the corporate limits aforesaid, or as otherwise provided, to exercise all the corporate powers conferred by Chapter 8 of the Code of West Virginia from and after this date.

It is further adjudged and ordered that Worley Walker, J. L. Hall and C. C. Fisher, three legal voters residing within said territory, be, and they are, hereby appointed Commissioners of Election at the first election to be held in such town, as provided by law.

election for officers of such corporation shall be held on the 13th day of January, 1948, in said town.

It shall be the duty of said commissioners to give notice of the time of said election and the place to be designated in such notice, and which notice shall specify the officers to be voted for, by posting copies thereof in at least three of the most public places in such town for three weeks next preceding such election. Said commissioners shall, within five days after such election, grant a certificate to the persons elected, which shall be recorded among the records of said town.

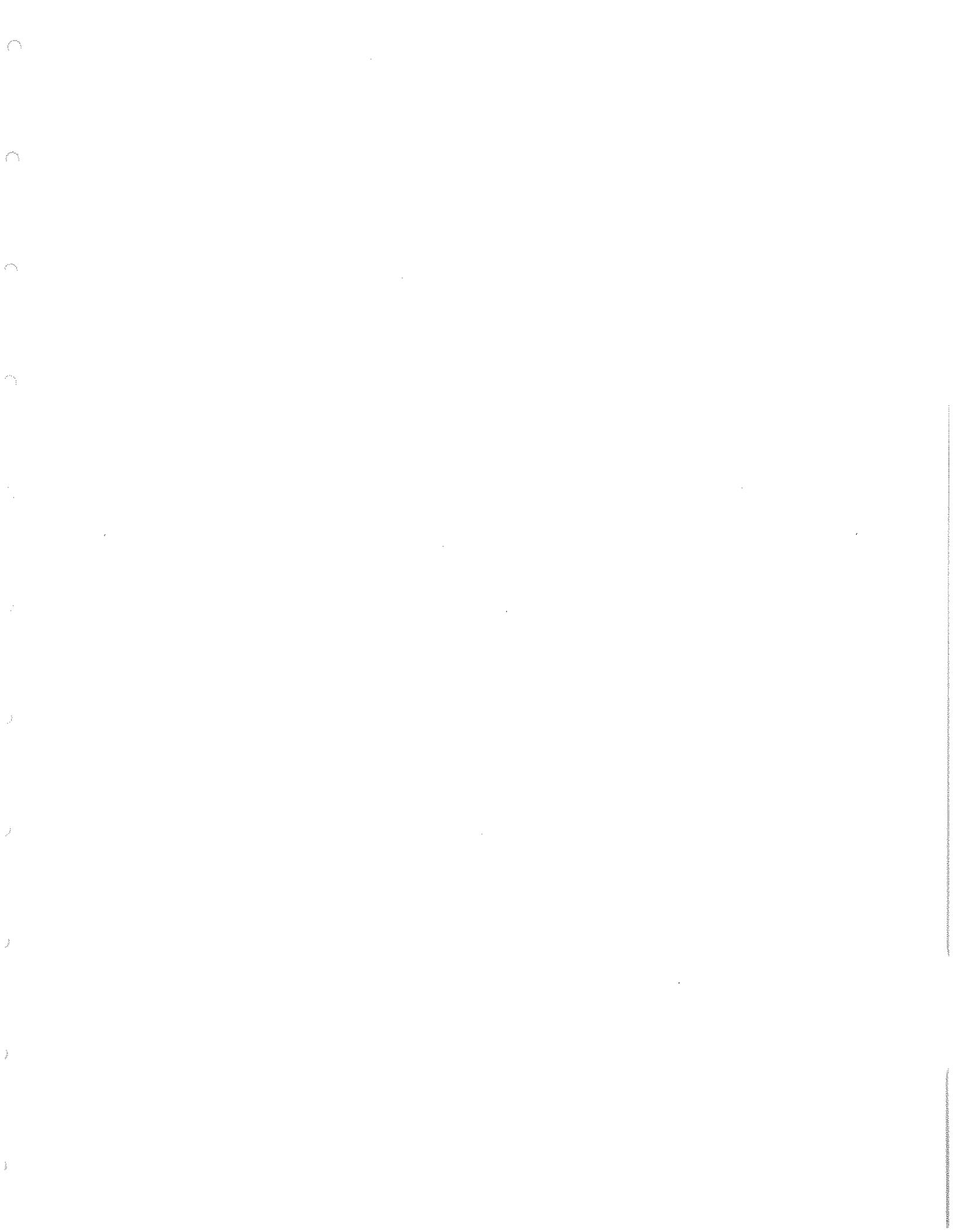
ORDER

ENTER:

Frank C. Kanel  
Special Judge

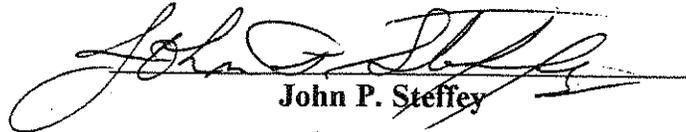
ENTERED IN cty ORDER  
BOOK NO. 21 AT PAGE 213  
THIS 5th DAY OF Dec. 1947  
John D. Lambert CLERK

ENTERED IN Law ORDER  
BOOK No. 27 AT PAGE 529  
THIS 5 DAY OF Dec. 1947  
John D. Lambert Clerk



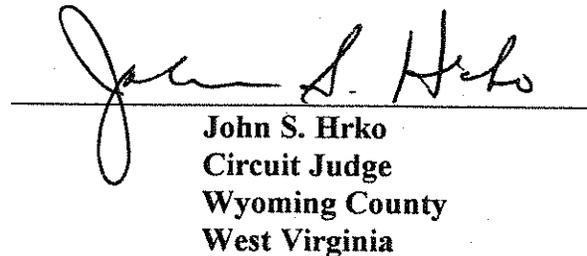
**STATE OF WEST VIRGINIA.  
COUNTY OF WYOMING, TO-WIT:**

I, **John P. Steffey**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and faithfully discharge the duties of the **Mayor** of the Town of Oceana, according to the best of my skill and judgment.

  
**John P. Steffey**

Taken, subscribed and sworn to before me this the 25<sup>th</sup> day of June, 1998, in my said County and State.

I, the undersigned, John S. Hrko, Judge of the 27<sup>th</sup> Circuit, Wyoming County, West Virginia, hereby certify that the foregoing is a true and exact copy of the oath filed and of record and preserved in the Office of the Recorder of the Town of Oceana, Wyoming County, West Virginia.

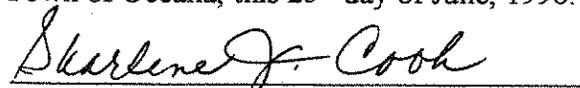
  
**John S. Hrko**  
**Circuit Judge**  
**Wyoming County**  
**West Virginia**

**Certificate**

I, Sharlene J. Cook, Town Recorder of the Town of Oceana, a municipality, Wyoming County, West Virginia, hereby certify that the foregoing oath was recorded on the 25<sup>th</sup> day of June, 1998, and is of record in the minutes of the Town Recorder in the Office of the Town Recorder of the Town of Oceana, and is true and correct.

Given under my hand and seal of the Town of Oceana, this 25<sup>th</sup> day of June, 1998.

*Seal*

  
**Sharlene J. Cook,**  
**Town Recorder, Town of Oceana**  
**Wyoming County, West Virginia**

STATE OF WEST VIRGINIA  
COUNTY OF WYOMING TO-WIT:

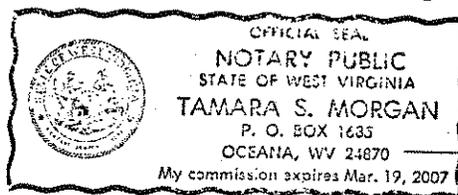
I, **Sharlene J. Cook**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and faithfully discharge the duties of Recorder of the Town of Oceana, according to the best of my skill and judgment.

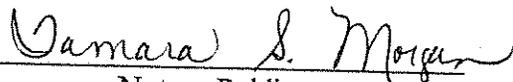
  
Sharlene J. Cook

Taken, subscribed and sworn to before me this 29<sup>th</sup> day of June, 1998, in my said County and State.

I, the undersigned, Tamara Morgan, a Notary Public within and for the County of Wyoming, State of West Virginia, hereby certify that the foregoing is a true and exact copy of the oath filed and of record and preserved in the Office of the Recorder of the Town of Oceana, Wyoming County, West Virginia.

Seal



  
Notary Public

My commission expires on the 19<sup>th</sup> day of March, 2007.

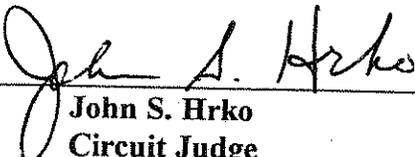
**STATE OF WEST VIRGINIA  
COUNTY OF WYOMING, TO-WIT:**

I, **W. Clark Manning**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and faithfully discharge the duties of Council Member of the Town of Oceana, according to the best of my skill and judgment.

  
**W. Clark Manning**

Taken, subscribed and sworn to before me this the 25<sup>th</sup> day of June, 1998, in my said County and State.

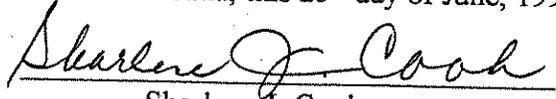
I, the undersigned, John S. Hrko, Judge of the 27<sup>th</sup> Circuit, Wyoming County, West Virginia, hereby certify that the foregoing is a true and exact copy of the oath filed and of record and preserved in the Office of the Recorder of the Town of Oceana, Wyoming County, West Virginia.

  
**John S. Hrko**  
**Circuit Judge**  
**Wyoming County**  
**West Virginia**

**Certificate**

I, Sharlene J. Cook, Town Recorder of the Town of Oceana, a municipality, Wyoming County, West Virginia, hereby certify that the foregoing oath was recorded on the 25<sup>th</sup> day of June, 1998, and is of record in the minutes of the Town Recorder in the Office of the Town Recorder of the Town of Oceana, and is true and correct.

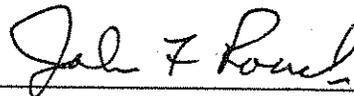
Given under my hand and seal of the Town of Oceana, this 25<sup>th</sup> day of June, 1998.

  
**Sharlene J. Cook**  
**Town Recorder, Town of Oceana,**  
**Wyoming County, West Virginia**

*SEAL*

**STATE OF WEST VIRGINIA  
COUNTY OF WYOMING, TO-WIT:**

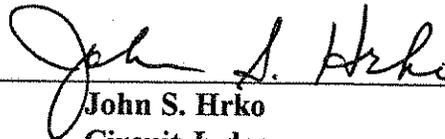
I, **John F. Roach**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and faithfully discharge the duties of Council Member of the Town of Oceana, according to the best of my skill and judgment.



**John F. Roach**

Taken, subscribed and sworn to before me this the 25<sup>th</sup> day of June, 1998, in my said County and State.

I, the undersigned, John S. Hrko, Judge of the 27<sup>th</sup> Circuit, Wyoming County, West Virginia, hereby certify that the foregoing is a true and exact copy of the oath filed and of record and preserved in the Office of the Recorder of the Town of Oceana; Wyoming County, West Virginia.



**John S. Hrko  
Circuit Judge  
Wyoming County  
West Virginia**

**Certificate**

I, Sharlene J. Cook, Town Recorder of the Town of Oceana, a municipality, Wyoming County, West Virginia, hereby certify that the foregoing oath was recorded on the 25<sup>th</sup> day of June, 1998, and is of record in the minutes of the Town Recorder in the Office of the Town Recorder of the Town of Oceana, and is true and correct.

Given under my hand and seal of the Town of Oceana, this 25<sup>th</sup> day of June, 1998.



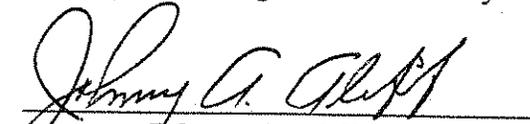
**Sharlene J. Cook**

**Town Recorder, Town of Oceana,  
Wyoming County, West Virginia**

*SEAL*

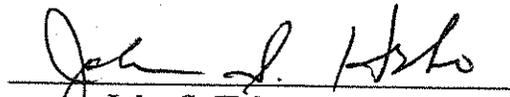
**STATE OF WEST VIRGINIA  
COUNTY OF WYOMING, TO-WIT:**

I, **Johnny A. Aliff**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and faithfully discharge the duties of Council Member of the Town of Oceana, according to the best of my skill and judgment.

  
\_\_\_\_\_  
**Johnny A. Aliff**

Taken, subscribed and sworn to before me this the 25<sup>th</sup> day of June, 1998, in my said County and State.

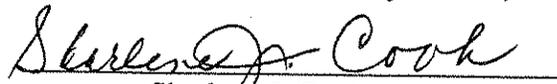
I, the undersigned, John S. Hrko, Judge of the 27<sup>th</sup> Circuit, Wyoming County, West Virginia, hereby certify that the foregoing is a true and exact copy of the oath filed and of record and preserved in the Office of the Recorder of the Town of Oceana, Wyoming County, West Virginia.

  
\_\_\_\_\_  
**John S. Hrko**  
**Circuit Judge**  
**Wyoming County**  
**West Virginia**

**Certificate**

I, Sharlene J. Cook, Town Recorder of the Town of Oceana, a municipality, Wyoming County, West Virginia, hereby certify that the foregoing oath was recorded on the 25<sup>th</sup> day of June, 1998, and is of record in the minutes of the Town Recorder in the Office of the Town Recorder of the Town of Oceana, and is true and correct.

Given under my hand and seal of the Town of Oceana, this 25<sup>th</sup> day of June, 1998.

  
\_\_\_\_\_  
**Sharlene J. Cook**  
**Town Recorder, Town of Oceana,**  
**Wyoming County, West Virginia**

*SEAL*

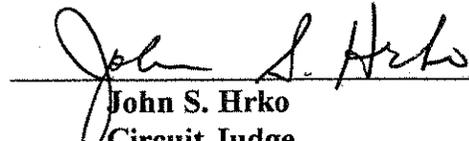
**STATE OF WEST VIRGINIA  
COUNTY OF WYOMING, TO-WIT:**

I, **Nola Rose**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and faithfully discharge the duties of Council Member of the Town of Oceana, according to the best of my skill and judgment.

  
\_\_\_\_\_  
**Nola Rose**

Taken, subscribed and sworn to before me this the 25<sup>th</sup> day of June, 1998, in my said County and State.

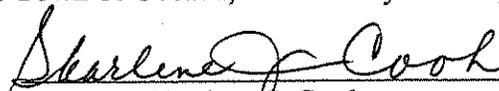
I, the undersigned, John S. Hrko, Judge of the 27<sup>th</sup> Circuit, Wyoming County, West Virginia, hereby certify that the foregoing is a true and exact copy of the oath filed and of record and preserved in the Office of the Recorder of the Town of Oceana, Wyoming County, West Virginia.

  
\_\_\_\_\_  
**John S. Hrko**  
Circuit Judge  
Wyoming County  
West Virginia

**Certificate**

I, Sharlene J. Cook, Town Recorder of the Town of Oceana, a municipality, Wyoming County, West Virginia, hereby certify that the foregoing oath was recorded on the 25<sup>th</sup> day of June, 1998, and is of record in the minutes of the Town Recorder in the Office of the Town Recorder of the Town of Oceana, and is true and correct.

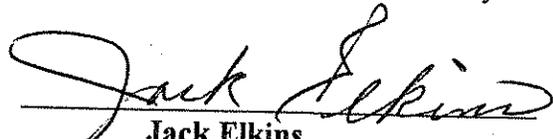
Given under my hand and seal of the Town of Oceana, this 25<sup>th</sup> day of June, 1998.

  
\_\_\_\_\_  
**Sharlene J. Cook**  
Town Recorder, Town of Oceana,  
Wyoming County, West Virginia

*SEAL*

**STATE OF WEST VIRGINIA  
COUNTY OF WYOMING, TO-WIT:**

I, **Jack Elkins**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and faithfully discharge the duties of Council Member of the Town of Oceana, according to the best of my skill and judgment.

  
**Jack Elkins**

Taken, subscribed and sworn to before me this the 25<sup>th</sup> day of June, 1998, in my said County and State.

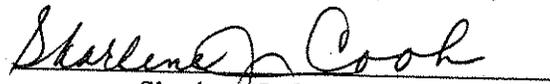
I, the undersigned, John S. Hrko, Judge of the 27<sup>th</sup> Circuit, Wyoming County, West Virginia, hereby certify that the foregoing is a true and exact copy of the oath filed and of record and preserved in the Office of the Recorder of the Town of Oceana, Wyoming County, West Virginia.

  
**John S. Hrko**  
**Circuit Judge**  
**Wyoming County**  
**West Virginia**

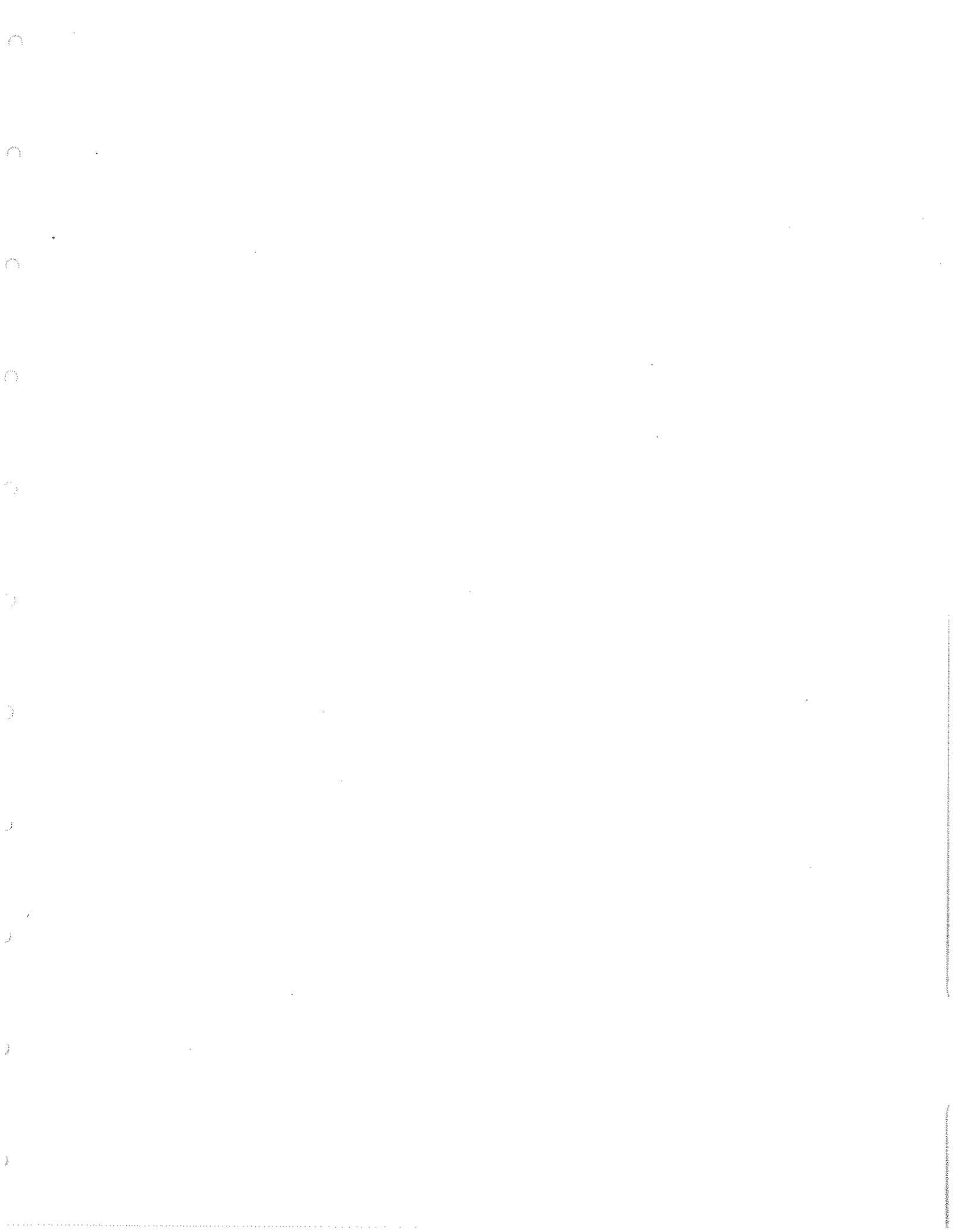
**Certificate**

I, Sharlene J. Cook, Town Recorder of the Town of Oceana, a municipality, Wyoming County, West Virginia, hereby certify that the foregoing oath was recorded on the 25<sup>th</sup> day of June, 1998, and is of record in the minutes of the Town Recorder in the Office of the Town Recorder of the Town of Oceana, and is true and correct.

Given under my hand and seal of the Town of Oceana, this 25<sup>th</sup> day of June, 1998.

  
**Sharlene J. Cook**  
**Town Recorder, Town of Oceana,**  
**Wyoming County, West Virginia**

*SEAL*



TOWN OF OCEANA

AN ORDINANCE DECLARING THE CONSTRUCTION OR ACQUISITION OF A SEWERAGE SYSTEM OF THE TOWN OF OCEANA, WEST VIRGINIA, TO BE ESSENTIAL FOR THE PROTECTION AND PRESERVATION OF THE HEALTH, WELFARE, SAFETY, ADVANTAGE AND CONVENIENCE OF THE INHABITANTS OF SAID TOWN; CREATING AND ESTABLISHING A SANITARY BOARD OF SAID TOWN TO SUPERVISE AND CONTROL THE CONSTRUCTION, OPERATION AND MAINTENANCE OF A SEWERAGE SYSTEM OF SAID TOWN; PRESCRIBING THE MEMBERSHIP OF SAID SANITARY BOARD AND THE QUALIFICATIONS, APPOINTMENTS, TERMS, COMPENSATION AND ORGANIZATION; APPOINTING MEMBERS OF SAID SANITARY BOARD; PRESCRIBING AUTHORITY, DUTIES AND OBLIGATIONS OF THE SANITARY BOARD AND THE MEMBERS THEREOF; AND PROVIDING PENALTIES FOR VIOLATION THEREOF.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF O C E A N A,  
WEST VIRGINIA:

Section 1. Authority. This Ordinance is adopted pursuant to the provisions of Article 13, Chapter 16 of the Code of West Virginia (herein called the "Act"), and other applicable provisions of law.

Section 2. Purpose, Findings and Determination. The Town Council of the Town of Oceana has determined and found that the Town of Oceana in Wyoming County, State of West Virginia, does not now own a sewer system, and it is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Town of Oceana and to comply with West Virginia law that there be constructed or acquired a complete sewer system of the Town, generally described as the construction or acquisition of sanitary and interceptor sewers, pumping stations, and a sewage treatment plant, all with necessary appurtenant facilities, and that a Sanitary Board of the Town of Oceana be created, appointed and established to supervise and control the construction, acquisition, operation and maintenance of a sewerage system of said Town.

Section 3. Definitions. The following terms shall have the following meanings in this Ordinance unless the text otherwise expressly requires:

A. "Act" shall be construed to mean Article 13, Chapter 16 of the Code of West Virginia.

B. "Works" shall be construed to mean and include a works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof.

C. "Governing Body" shall be construed to mean the Mayor and Council of the Town of Oceana, West Virginia.

D. "Board" shall be construed to mean the Sanitary Board of the Town of Oceana as created by this Ordinance and provided by the Act.

E. "Town" shall be construed to mean the Town of Oceana, a municipal corporation, of the County of Wyoming, State of West Virginia.

Section 4. Creation, Establishment and Purposes of Sanitary Board. A Sanitary Board of the Town of Oceana is hereby created and established to supervise and control the construction, acquisition, improvement, equipment, custody, administration, operation and maintenance of a complete sewer system of the Town of Oceana, consisting of the construction or acquisition of sanitary and interceptor sewers, pumping stations, and a sewage treatment plant, all with necessary appurtenant facilities, for the collection, treatment or disposal of sewage and the collection of revenue therefrom for the service rendered thereby.

Section 5. Membership - Qualifications, Appointments, Terms, Compensation and Organization. The Board shall be composed of the Mayor of the Town of Oceana and two persons appointed by the governing body, one of whom, during the construction period, shall be a registered professional engineer, who need not be a resident of the Town, and who, after the construction of the plant has been completed, may be succeeded by a person not an engineer. No officer or employee of the Town, whether holding a paid or unpaid office, shall be eligible to appointment on said Board until at least one year after the expiration of the term of his

public office. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. Each member shall give such bond, if any, as may be required by ordinance. The Mayor shall act as chairman of the Board, which shall elect a vice chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the Board. The vice chairman, secretary and treasurer shall hold office as such at the will of the Board. The members of the Board shall receive such compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this provision referred to, shall be paid solely from funds provided under the authority of the Act. The Board shall have power to establish by-laws, rules and regulations for its own government.

Section 6. Membership and Appointments - Terms. The original members of said Board, by virtue of office and appointment, and whose terms of office as members shall commence and become effective from the date of the passage of this Ordinance and continue as herein provided, shall be, and hereby are, as follows:

D. C. Cook, Oceana, West Virginia - Mayor, ex officio member, and Chairman of the Board by virtue of the provisions of the Act and this Ordinance.

Sam A. Miniaci, Pineville, West Virginia - Registered Professional Engineer, who is appointed as a member of the Board for a term of two (2) years.

LEON CHILDRESS, OCEANA, W.VA. - Member, who is appointed as a member of the Board for a term of three (3) years.

Section 7. Powers and Authority of Sanitary Board; Contracts; Extensions and Improvements; Replacements of Public Works; Payment of Preliminary Expenses of Surveys, etc. The Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of its powers under this Ordinance and the Act: Provided, that any contract relating to the financing of the acquisition or construction of any such works, or any trust indenture as provided for in said Act, shall be approved by the governing body before the same shall be effective. The Board may employ engineers, architects, inspectors, superintendents, manager, collectors, attorneys, and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of this Ordinance and the Act shall be paid solely from funds provided under the authority of the Act, and the Board shall not exercise or carry out any authority or power herein given it so as to bind said Board beyond the extent to which money shall have been or may be provided under the authority of the Act. No contract or agreement with any contractor or contractors for labor and/or material, exceeding in amount the sum of one thousand dollars (\$1,000.00), shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any or all bids. After the construction, installation, and completion of the works, or the acquisition thereof, the Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient, if funds therefor be available or are made available as provided in the Act, and shall establish rules and regulations for the use and operation of the works, and of other sewers and drains connected therewith so far as they may affect the operation of such works, and do all things necessary or expedient for the successful operation thereof. All public ways or public works damaged or destroyed by the Board in carrying out its authority under this Ordinance

and the Act shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided by the Act.

All necessary preliminary expenses actually incurred by the Board in the making of surveys, estimates of costs and of revenue, employment of engineers or other employees, the giving of notices, taking of options, and all other expenses of whatsoever nature, necessary to be paid prior to the issue and delivery of the revenue bonds pursuant to the provisions of the Act, may be met and paid in the following manner. Said Board may from time to time certify such items of expense to the clerk or recorder of the Town, directing him to pay the several amounts thereof, and thereupon said clerk or recorder shall at once draw a warrant or warrants upon the treasurer of the Town, which warrant or warrants shall be paid out of the general funds of the Town not otherwise appropriated, without a special appropriation being made therefor by the governing body; or, in case there are no general funds of the Town not otherwise appropriated, the clerk or recorder shall recommend to the governing body the temporary transfer from other funds of the Town of a sufficient amount to meet such items of expense, or the making of a temporary loan for such purposes, and such governing body shall thereupon at once make such transfer of funds, or authorize such temporary loan in the same manner that other temporary loans are made by the Town; Provided, however, that the fund or funds of the Town from which such payments are made shall be fully reimbursed and repaid by the Board out of the first proceeds of the sale of revenue bonds provided for in the Act, and before any other disbursements are made therefrom, and the amount so advanced to pay such preliminary expenses, shall be a first charge against the proceeds resulting from the sale of such revenue bonds until the same has been repaid as herein provided.

And the Board shall have any and all other powers and authority as prescribed and set forth in the Act, and any and all other statutory provisions and Ordinances appertaining thereto.

Section 8. Duties and Obligations of Sanitary Board; Financial Statement and Publication; and Penalties. The Board shall prepare and cause to be published, one time, in two newspapers of opposite politics, if there be such published or circulated in the Town, or if no such paper be published or circulated therein, (or if no such paper will publish the same for the price fixed by law therefor), the same shall be posted in the offices of the Board and at a public place in each Town hall or municipal building in the Town. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board. If the Board fails or refuses to perform the duties hereinbefore named, every member of the Board concurring in such failure or refusal shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than one hundred nor more than five hundred dollars and the circuit court or criminal court and justices of the peace, of the county where the offense was committed, shall have concurrent jurisdiction to try such offense.

And the Board shall perform and carry out any and all other duties, requirements and obligations as may be directed and required by the Act, and any and all other statutory provisions and Ordinances appertaining thereto.

Section 9. Severability. If any provision, clause, section or part of this Ordinance is held to be invalid by any court of competent jurisdiction, then such invalid part shall be null and void and shall be deemed separable from the remaining parts hereof and shall in no way affect the

validity of all other provisions and parts of this Ordinance.

Section 10. Conflicting Provisions Repealed. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11. Headings. The headings of the Sections and parts 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 12. Effective Time. This Ordinance shall take effect and become operative from passage.

Adopted, passed and approved

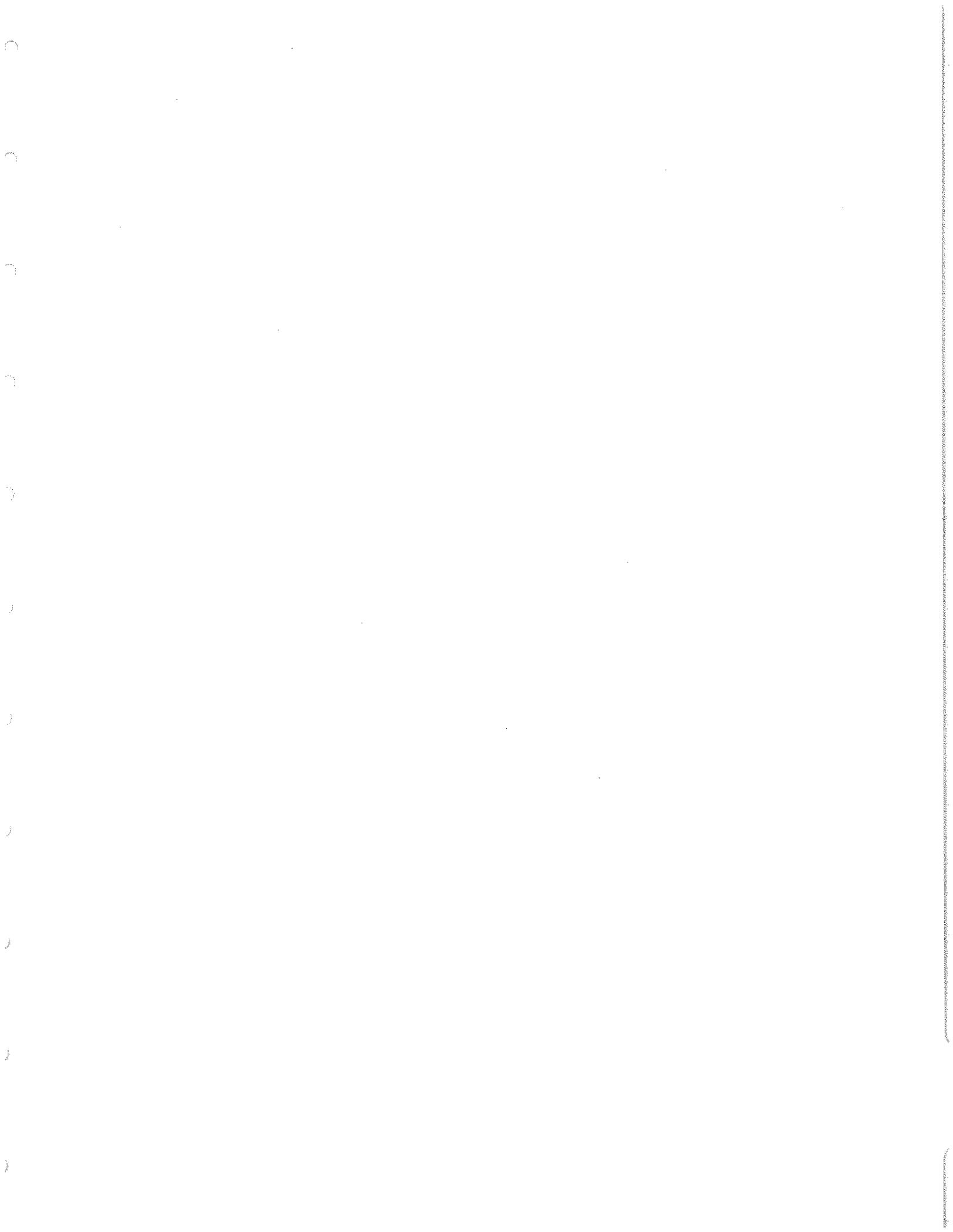
10<sup>TH</sup> day of July, 1964.

*D. C. Cooper*

Mayor

ATTEST:

*Walter Cozart*  
Recorder



TOWN OF OCEANA

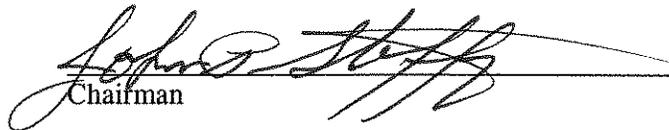
Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

PETITION OF SANITARY BOARD

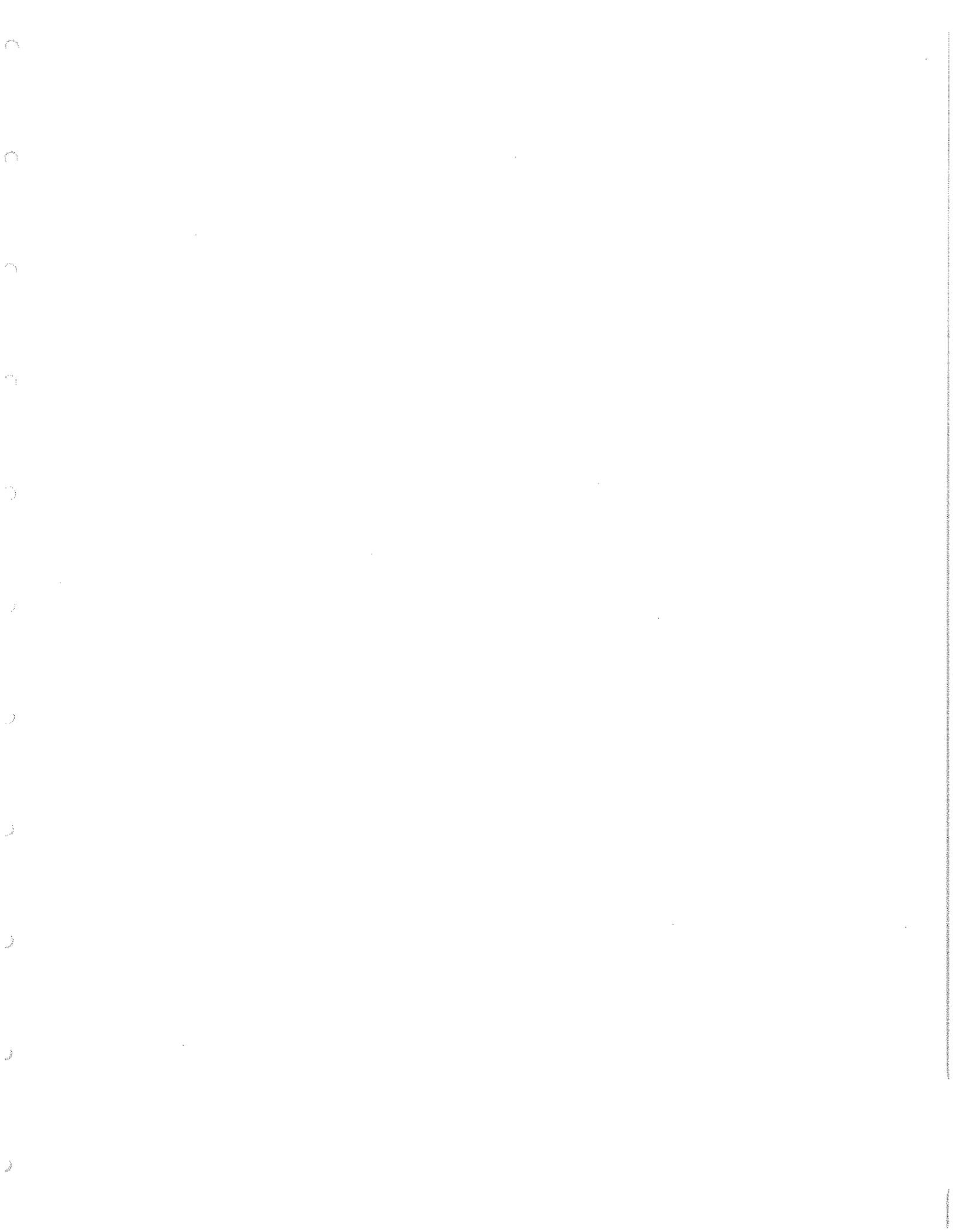
The Sanitary Board of the Town of Oceana (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that sewer revenue bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed \$13,300,000 for the purpose of refunding the entire outstanding principal of and all interest accrued on the Issuer's Sewerage System Design Revenue Bonds, Series 1996 A (West Virginia SRF Program) and financing the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system for the Town, together with all necessary appurtenances, and the costs of issuance and related costs.

Directed this 13th day of April, 2000.

SANITARY BOARD OF THE TOWN OF  
OCEANA

  
Chairman

06/05/00  
668000/97001



TOWN OF OCEANA

AN ORDINANCE ESTABLISHING AND FIXING RATES,  
CONNECTION CHARGE AND DELAYED PAYMENT PENALTY  
CHARGE FOR SERVICE TO CUSTOMERS OF THE SEWERAGE  
FACILITIES OF THE TOWN OF OCEANA

THE TOWN COUNCIL OF THE TOWN OF OCEANA HEREBY ORDAINS:  
The following schedule of rates, connection charge and delayed payment penalty charge are hereby fixed and determined as the rates, connection charge and delayed payment penalty charge to be charged to customers of the sewerage facilities of the Town of Oceana throughout the territory served.

SECTION 1. SCHEDULE OF RATESAPPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial sanitary sewer service.

RATES

Each 1,000 gallons at \$7.07 per month.

MINIMUM CHARGE

The minimum monthly charge shall be \$14.14.

CONNECTION CHARGE

The connection charge shall be \$150.

### DELAYED PAYMENT PENALTY CHARGE

A 10% penalty shall be added to all charges not paid within 20 days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

If any bill is not paid within 60 days from the date of the billing, water service to the customer will be discontinued and will not be restored until all past due bills have been paid in full, together with all penalty charges, subject to the applicable rules of the Public Service Commission of West Virginia.

### SECTION 2. EFFECTIVE DATE

The rates, connection charge and delayed payment penalty charge provided herein shall be effective upon substantial completion of the new sewerage facilities of the Town, expected to be September, 1999, but in no event prior to 45 days after the enactment hereof.

### SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES, ETC.

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. All ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

### SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in the Independent Herald, a qualified newspaper of general circulation in the Town of Oceana, no newspaper being published therein, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council at the Town Hall, Oceana, West Virginia, on the 11th day of June, 1998, at 7:00 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

The above Ordinance has been introduced at a meeting of Council held May 14, 1998. Any person interested may appear before Council at the Town Hall on June 11, 1998, at 7:00 p.m., and present protests.

Passed on First Reading: May 14, 1998

Passed on Second Reading  
Following Public Hearing: June 11, 1998

  
Mayor



**PUBLISHER'S CERTIFICATE**

**NOTICE OF PUBLIC HEARING  
ON TOWN OF OCEANA  
RATE ORDINANCE**

AN ORDINANCE ESTABLISHING AND FIXING RATES, CONNECTION CHARGE AND DELAYED PAYMENT PENALTY CHARGE FOR SERVICE TO CUSTOMERS OF THE SEWERAGE FACILITIES OF THE TOWN OF OCEANA

THE TOWN COUNCIL OF THE TOWN OF OCEANA HEREBY ORDAINS: The following schedule of rates, connection charge and delayed payment penalty charge are hereby fixed and determined as the rates, connection charge and delayed payment penalty charge to be charged to customers of the sewerage facilities of the Town of Oceana throughout the territory served.

**SECTION 1.  
SCHEDULE OF RATES  
APPLICABILITY**

Applicable to entire area served.  
**AVAILABILITY OF SERVICE**  
Available for general domestic, commercial and industrial sanitary sewer service.

**RATES**  
Each 1,000 gallons at \$7.07 per month.

**MINIMUM CHARGE**  
The minimum monthly charge shall be \$14.14.

**CONNECTION CHARGE**  
The connection charge shall be \$150.  
**DELAYED PAYMENT PENALTY CHARGE**

A 10% penalty shall be added to all charges not paid within 20 days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

If any bill is not paid within 60 days from the date of the billing, water service to the customer will be discontinued and will not be restored until all past due bills have been paid in full, together with all penalty charges, subject to the applicable rules of the Public Service Commission of West Virginia.

**SECTION 2.  
EFFECTIVE DATE**  
The rates, connection charge and delayed payment penalty charge provided herein shall be effective upon substantial completion of the new sewerage facilities of the Town, expected to be September, 1999, but in no event prior to 45 days after the enactment hereof.

**SECTION 3.  
SEPARABILITY; REPEAL  
OF CONFLICTING  
ORDINANCES, ETC.**

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. All ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

**SECTION 4.  
STATUTORY NOTICE AND  
PUBLIC HEARING**

Upon introduction hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in the Independent Herald, a qualified newspaper of general circulation in the Town of Oceana, no newspaper being published therein, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council at the Town Hall, Oceana, West Virginia, on the 11th day of June, 1998, at 7:00 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

**CERTIFICATION AND NOTICE**

The foregoing Ordinance has been introduced and adopted on first reading at a meeting of the Council held on May 14, 1998. Any person interested may appear before the Council of the Town of Oceana at the Town Hall in Oceana, West Virginia, on the 11th day of June, 1998, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Recorder in the Town Hall, Oceana, West Virginia.

Dated: May 27, 1998

Sharlene Cook  
Recorder  
(5-27-21)

I, LENORE MCKINNEY, of INDEPENDENT HERALD, INC., corporate publishers of the INDEPENDENT HERALD, a newspaper of general circulation published at Pineville, Wyoming County, West Virginia, do hereby certify that the **Notice Of Public Hearing—Town Of Oceana Rate Ordinance.**

hereto attached, was published in said newspaper on the following dates, viz:  
on  
May 27, 1998,  
June 3, 1998.

INDEPENDENT HERALD, INC.

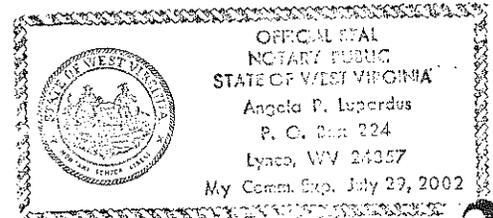
By \_\_\_\_\_  
Publisher's Fee, \$117.68  
STATE OF WEST VIRGINIA  
COUNTY OF WYOMING, to-wit:

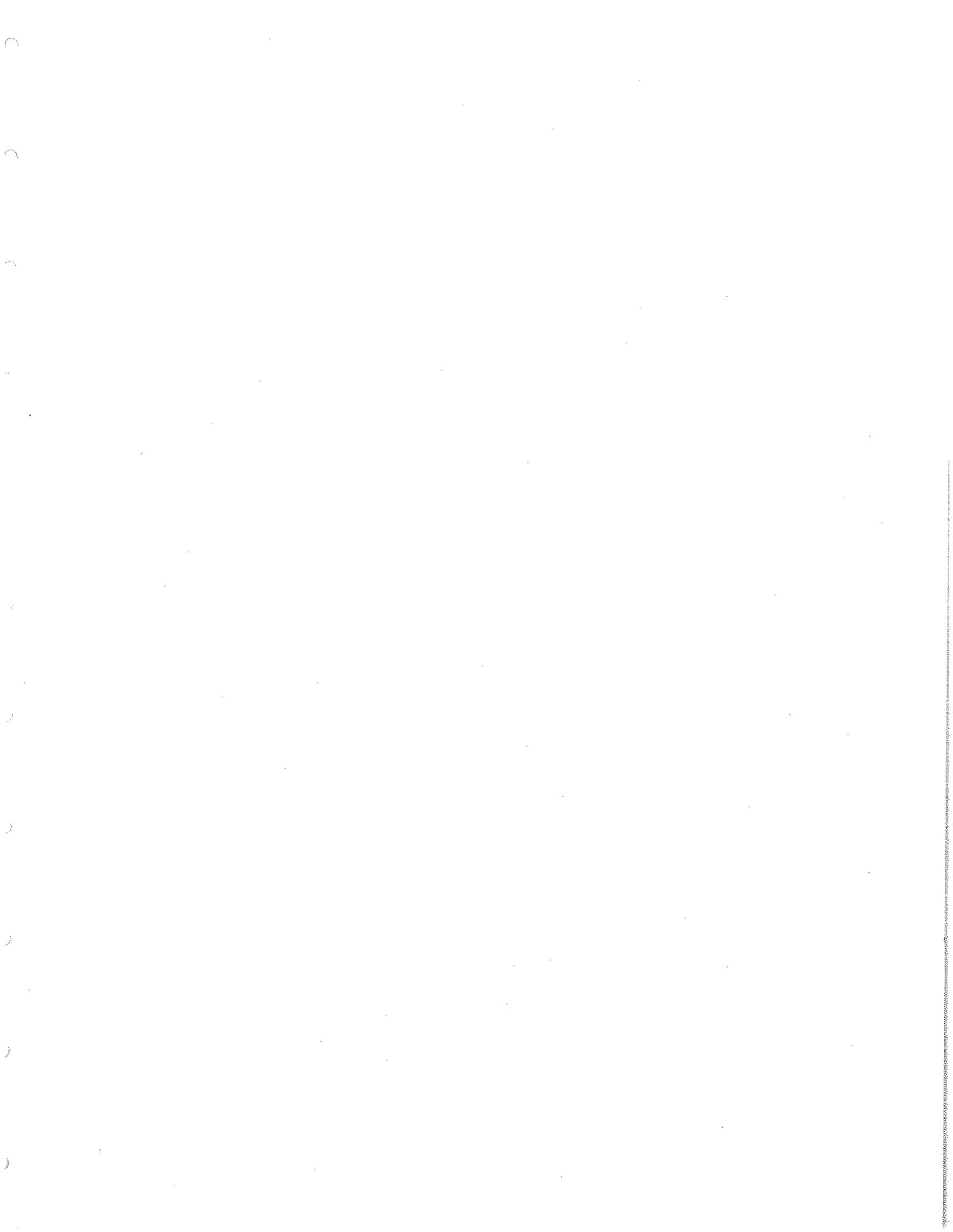
Subscribed and sworn to before me in my said county this 3rd day of June, 1998.

Angela P. Lupardus

Notary Public

My commission expires 07-29-2002





State of West Virginia  
County of Wyoming  
Town of Oceana, To-Wit:

June 11, 1998

A regular meeting of the Town Council was held in Council Chambers on June 11, 1998, 7:00 p.m.

Attending were James Pennington, Mayor, Jack Elkins, Michael Brenick, John P. Steffey, John Roach, Council Persons, and Mr. Bob Browning, Attorney.

Absent was Recorder Cook, who was hospitalized, and Council Person Clark.

The meeting was called to order by Mayor Pennington.

The invocation was also given by the Mayor.

Mayor Pennington recognized Mr. Raydell Bailey. Mr. Bailey asked that Council put in the Minutes that the street discussed in prior meetings was not closed. Council Person Steffey stated that the Council did not vote to close the street, but voted not to open it. Council Person Elkins and Roach informed Council that they were in favor of doing nothing. Mr. Bailey stated that he believed there were undeveloped streets in Town that were being maintained by the Town. Mr. Browning advised that since the Town had neither closed or accepted the street into the system, they had no involvement. He also stated that if the parties chose to use the street, they did so at their own peril and discretion and the problems that resulted from that use would likely end up in court when owners of different lots in the subdivision felt like their property was being damaged. Following a lengthy discussion, a motion was made by Council Person Roach and seconded by Council Person Elkins to rescind the motion to close the street if one had been made at a prior meeting. *(A motion had not been made to close the street.)* Motion carried with three (3) votes **FOR** and one (1) **AGAINST**.

Mr. Doug Schmidt, Dunn Engineers, was recognized by Mayor Pennington. He presented a drawdown request from Region I Planning & Development Council in the amount of \$26,104.33. A motion was made by Council Person Steffey, seconded by Council Person Elkins, and voted unanimously to approve payment of the invoices as submitted by Region I.

Mr. Schmidt also updated Council on the status of complaints presented by Donald Morgan, Class III Water Treatment Plant Operator. This matter was discussed as well as several other issues in connection with operator complaints and problems. No decisions were called for.

Mr. Schmidt then updated Council on the Sewer Treatment Plant Project.

Next, tonight's Public Hearing and Second Reading of the Sewer Rate Ordinance was discussed in length. Mr. Browning proceeded to read "An Ordinance Establishing and Fixing Rates, Connection Charge and Delayed Payment Penalty Charge for Service to Customers of the Sewerage Facilities of the Town Of Oceana". A motion was made by Council Person Steffey and seconded by Council Person Elkins to accept the Ordinance as read. The vote was unanimous.

Page 2. Regular Meeting, June 11, 1998

Mr. Schmidt presented a drawdown request in the amount of \$4,293.21 for right-of-way and legal work completed on the sewer treatment plant project. Following a discussion, a motion was made by Council Person Steffey, seconded by Council Person Elkins, and voted unanimously to pay the invoice.

Mr. M. D. Whisenant, Chief of Police, was recognized by Mayor Pennington. Mr. Whisenant explained that an employee had resigned due to disciplinary problems and that since the employee was under the COP'S Grant program, he had to be replaced quickly. He advised that he and the Mayor had hired Mr. David Pearson tentative to formal approval by Council. A motion was made by Council Person Elkins and seconded by Council Person Roach to hire Mr. Pearson. The vote was unanimous.

Chief Whisenant also informed Council that another vacancy was expected in his department and asked that he be allowed to seek a replacement in the event a position became available. He was informed by Council that the Mayor had the authority to hire if necessary.

Chief Whisenant advised that the Recorder had prepared a Resolution to be adopted to revise the current budget and asked that Council approve same. A motion was made by Council Person Elkins to revise the current budget to cover the COP'S Grant expense and revenue in the amount of \$24,000. The motion was seconded by Council Person Roach and the vote was unanimous.

Mr. Browning presented and explained a proposed renewal of a Franchise Agreement with N.E.S.B.E. Satellite Systems. Following a discussion, a motion was made by Council Person Roach, seconded by Council Person Steffey and voted unanimously to approve the agreement.

Mr. Browning also presented easement agreements for consideration, between the Town of Oceana, Pocalontas Land Corporation, and Eastern Associated Coal, which give the Town permission to cross their property with sewer pipeline. A motion was made by Council Person Steffey, seconded by Council Person Elkins and voted unanimously to allow the Mayor to sign the agreements.

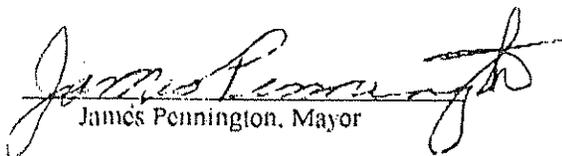
Next on the agenda was approval of a vacation request as submitted by Donald Morgan. A motion was made by Council Person Elkins and seconded by Council Person Roach to grant the request. Motion carried. Three (3) voted FOR the motion and One (1) against.

Mr. George Rice, Board Member, Kopperston PSD, advised Council that the PSD would not participate in the sewer project if all sewer lines were not replaced in Kopperston.

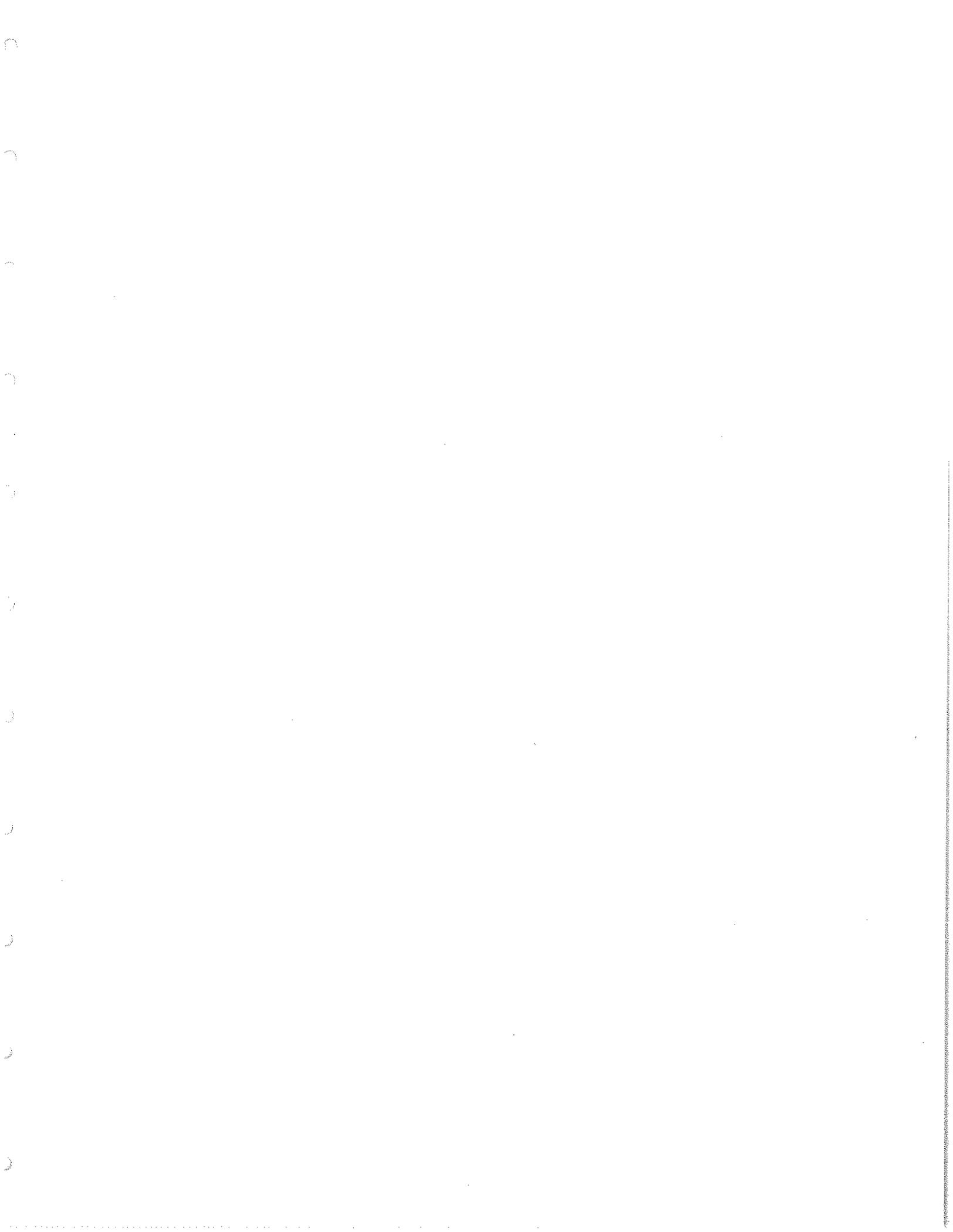
Commissioner reports were given. No action required.

A motion was made by Council Person Elkins and seconded by Council Person Roach to adjourn. The vote was unanimous.

Meeting adjourned.

  
James Pennington, Mayor

  
Shariene J. Cook, Recorder



TOWN OF OCEANA  
NOTICE OF PUBLIC HEARING  
ON BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the Town of Oceana (the "Town") to be held on June 8, 2000, at 7:00 p.m. at the Oceana Town Hall, Oceana, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council, and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE REFUNDING OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF OCEANA AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF OCEANA AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$5,700,00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN \$7,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 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 LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the Town on May 11, 2000.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in said Ordinance. The proceeds of the Bonds will be used to permanently finance costs of acquisition and construction of the Project and to pay in full the Series 1996 A Bonds. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Town Recorder of the Town for review by interested parties during regular office hours.

Following said public hearing, the

PUBLISHER'S CERTIFICATE

I, Heather Walters, of INDEPENDENT HERALD, INC., corporate publishers of the INDEPENDENT HERALD, a newspaper of general circulation published at Pineville, Wyoming County, West Virginia, do hereby certify that the  
**NOTICE OF PUBLIC HEARING**

hereto attached, was published in said newspaper on the following dates, viz:  
on

May 16, 2000,  
May 23, 2000.

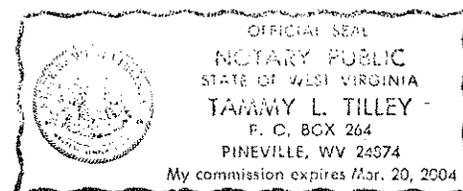
INDEPENDENT HERALD, INC.

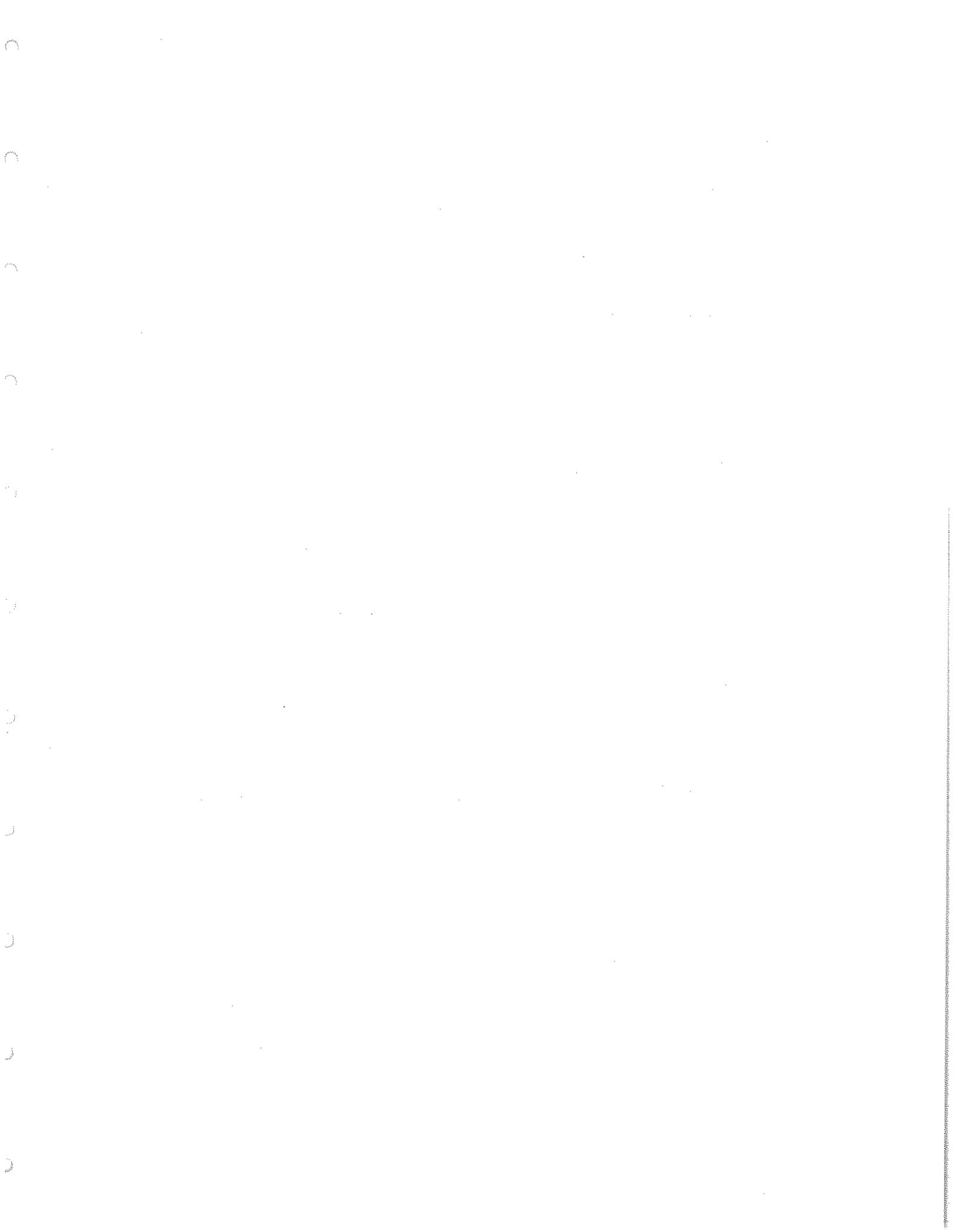
By Heather Walters  
Publishers Fee \$89.67

STATE OF WEST VIRGINIA  
COUNTY OF WYOMING, to-wit:

Subscribed and sworn to before me in my said county this 13 day of May June 2000.

Tammy L. Tilley  
Notary Public  
My commission expires 3/20/2004





TOWN OF OCEANA

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

MINUTES ON ADOPTION AND ENACTMENT OF BOND ORDINANCE  
(THIRD READING FOLLOWING PUBLIC HEARING)  
AND ADOPTION OF SUPPLEMENTAL RESOLUTION

I, Sharlene J. Cook, Recorder of the Town of Oceana (the "Town"), hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the Town:

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The Council of the Town met in regular session, pursuant to notice duly given, on the 8th day of June, 2000, in Oceana, West Virginia, at the hour of 7:00 p.m.

PRESENT: John P. Steffey	-	Mayor
Sharlene J. Cook	-	Recorder
Jack Elkins	-	Councilmember
W. Clark Manning	-	Councilmember
Johnny Aliff	-	Councilmember
John Roach	-	Councilmember
Nola Rose	-	Councilmember

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Mayor presented a proposed Bond Resolution in writing entitled:

ORDINANCE AUTHORIZING THE REFUNDING OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF OCEANA AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF OCEANA

AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$5,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN \$7,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2000 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 LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Ordinance be finally enacted and put in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF OCEANA, APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT AND LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and put in full force and effect on and from the date hereof.

\* \* \*

\* \* \*

\* \* \*

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

  
Mayor

\* \* \*

\* \* \*

\* \* \*

I further hereby certify that the foregoing action of the Council remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 21st of June, 2000.

  
Recorder

06/19/00  
668000/98001

STATE OF WEST VIRGINIA  
 COUNTY OF WYOMING  
 TOWN OF OCEANA, TO-WIT:

April 18, 2000

A special meeting of the Town Council was held in council chambers on April 18, 2000, 7:00 p.m.

Attending were John P. Steffey, Mayor, Sharlene J. Cook, Recorder, Jack Elkins, W. Clark Manning, Johnny Aliff, Nola Rose, Council Persons, and Bob Browning, Attorney.

Absent was Council Person Roach.

The meeting was called to order by Mayor Steffey.

The invocation was given by Council Person Aliff.

The first item on the agenda was laying of the levy. A motion was made by Council Person Aliff, seconded by Council Person Manning, and voted unanimous to adopt the levy rates for the 2000-2001 budget year.

Next on the agenda was selection of poll workers for the Municipal Election and the Special Levy Election to be held June 13, 2000. Council suggested the following persons.

Ellen Sanders  
 Louise Cook  
 Nancy Steffey  
 Jennifer Russ  
 Darius Bradford  
 Mitzi Dehart  
 Ilene Fields  
 Pam Worrell

Ellen Hawks  
 Gerline McKee  
 Rachel Lamb  
 Nancy Ellenberg  
 Betty Garrett  
 Arlene Drake  
 Addie Riffe  
 Gene Gilliland

Mr. John Stump, Bond Counsel, Steptoe & Johnson, gave the first reading of a Bond Ordinance, Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) and Series 2000 B (West Virginia Infrastructure Fund). The reading was approved unanimously by motion of Council Person Elkins and second of Council Person Rose. Mr. Stump advised that the second reading of the ordinance would be held on May 11, 2000 and the Public Hearing on June 1, 2000.

A motion was made by Council Person Elkins and seconded by Council Person Rose to adjourn. The vote was unanimous.

Meeting adjourned.

  
 John P. Steffey, Mayor

  
 Sharlene J. Cook, Recorder

STATE OF WEST VIRGINIA  
COUNTY OF WYOMING  
TOWN OF OCEANA, TO-WIT:

May 11, 2000

A regular meeting of the town council was held in council chambers on May 11, 2000, 7:00 p.m.

Attending were John P. Steffey, Mayor, Sharlene J. Cook, Recorder, Jack Elkins, Clark Manning, Johnny Aliff, Council Persons, and Robert Browning, Jr., Attorney.

Absent was Council Person Roach and Council Person Rose.

The meeting was called to order by Mayor Steffey.

The invocation was given by the Recorder.

The first item of business was a request by the Recorder for possible contacts to serve as alternate poll workers. Council submitted several names. Mayor Steffey appointed Council Person Aliff and Rose to serve as Ballot Commissioners.

Clacy Lambert, Jr. was recognized by the Mayor. Mr. Lambert was asked to speak with council about the right of ways needed by the town for extension of sewer service to his and Kerry Hill's property. Mr. Lambert advised that he would do what he could to help secure the right of ways.

Doug Schmidt, Dunn Engineers, was recognized by Mayor Steffey. Mr. Schmidt spoke with council about several issues concerning the Sewer Treatment Plant Project. He asked that council approve SRF Drawdown Request #1 in the amount of \$267,000. A motion was made by Council Person Elkins, seconded by Council Person Manning, and voted unanimously to authorize Mayor Steffey to sign the drawdown request. Mr. Schmidt also asked that council approve Supplemental Agreement #6 for additional special services, which included right of way and condemnation work, in the amount of \$63,260. A motion was made by Council Person Elkins and seconded by Council Person Manning to allow the Mayor to sign Supplemental Agreement #6 and have Mr. Schmidt present it to DEP.

The Recorder then asked that council approve the Mayor's signature on the Bond Purchase Agreement. A motion was made by Council Person Manning, seconded by Council Person Elkins, and voted unanimously to allow the Mayor to sign the document.

The next matter of business was a review of engineering proposals for a feasibility study on extending water and sewer services to the proposed high school site. Mayor Steffey advised that there was only

one proposal received and it was submitted by Dunn Engineers. A motion was made by Council Person Elkins, seconded by Council Person Aliff, and voted unanimously to hire Dunn Engineers as consulting engineer to do a feasibility study on the extension of water and sewer to the new high school site at a cost to the town of \$1.00.

Mayor Steffey then asked Mr. Browning to read the headings of the Sewer Revenue Bond Ordinance, Series 2000 A and Series 2000 B. Following the reading, a motion was made by Council Person Aliff and seconded by Council Person Manning to approve the second reading of the bond ordinance. The vote was unanimous.

The next item of business was hiring of pool employees for the 1999-2000 season. The following were hired by a unanimous vote, upon motion of Council Person Elkins and second of Council Person Aliff.

Life Guards: Joshua Gregory  
Bobby Lusk  
Christina Trivett

Life Guards:  
(Baby Pool) Sara Samples  
Chassidy McComas

Night Watchman: Mitchell Toler

Maintenance:  
Mowing and Weed Eating) P. J. Short

A vacation request was presented by the Mayor on behalf of Kenneth Graham. The request was granted unanimously by motion of Council Person Manning and second of Council Person Aliff.

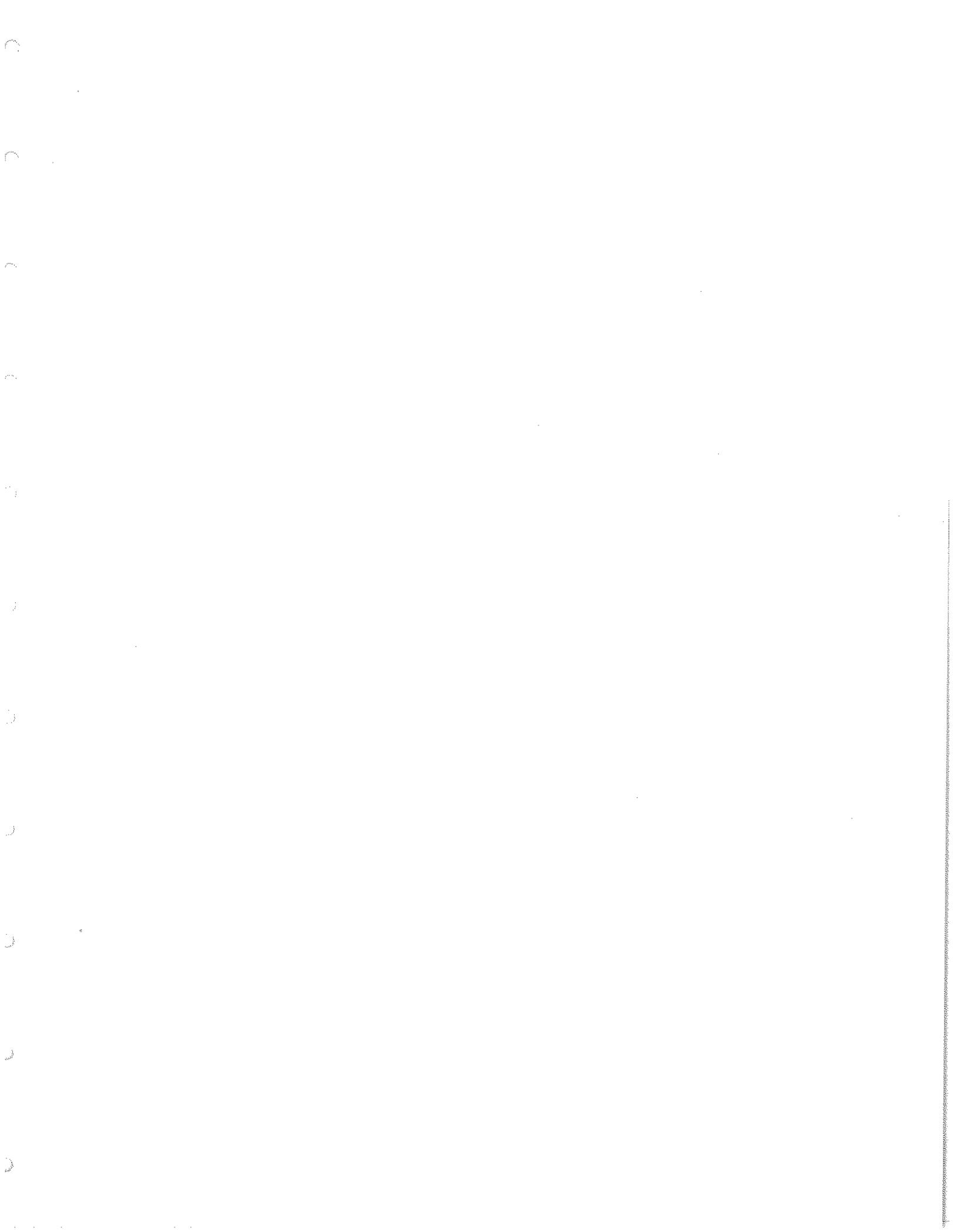
A motion was made by Council Person Manning and seconded by Council Person Aliff to approve the Minutes. The vote was unanimous.

A motion was made by Council Person Elkins, seconded by Council Person Manning, and voted unanimously to adjourn.

Meeting adjourned.

  
John P. Steffey, Mayor

  
Sharlene J. Cook, Recorder



WV MUNICIPAL BOND COMMISSION  
812 Quarrier Street  
Suite 300  
Charleston, WV 25301  
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 06/21/00

(See Reverse for Instructions)

ISSUE: Town of Oceana Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program)

ADDRESS: Post Office Box 190, Oceana, WV 24870 COUNTY: Wyoming

PURPOSE OF ISSUE: New Money: X  
Refunding: \_\_\_\_\_

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: 06/21/00

CLOSING DATE: 06/21/00

ISSUE AMOUNT: \$5,364,000

RATE: 0%; Administrative Fee: 0.5%

1ST DEBT SERVICE DUE: 06/01/2002

1ST PRINCIPAL DUE: 06/01/2002

1ST DEBT SERVICE AMOUNT: \$44,700

PAYING AGENT: Municipal Bond Commission

**BOND**

COUNSEL: Steptoe & Johnson  
Contact Person: Vincent A. Collins, Esq.  
Phone: 624-8161

**UNDERWRITERS**

COUNSEL: Jackson & Kelly  
Contact Person: Samme L. Gee, Esq.  
Phone: 340-1318

CLOSING BANK: First Century Bank, National Association  
Contact Person: Glenda Hanks  
Phone: 682-6231

ESCROW TRUSTEE: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

**KNOWLEDGEABLE ISSUER CONTACT**

Contact Person: Sharlene Cook  
Position: Recorder  
Phone: 682-6231

**OTHER: Division of Environmental Protection**

Contact Person: Rosalie Brodersen  
Function: Branch Leader  
Phone: 558-0637

**DEPOSITS TO MBC AT CLOSE:**

By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
\_\_\_\_\_ Other: \_\_\_\_\_

Accrued Interest:	\$ _____
Capitalized Interest:	\$ _____
Reserve Account:	\$ _____
Other:	\$ _____

**REFUNDS & TRANSFERS BY MBC AT CLOSE**

By: \_\_\_\_\_ Wire \_\_\_\_\_  
\_\_\_\_\_ Check \_\_\_\_\_  
\_\_\_\_\_ IGT \_\_\_\_\_

To Escrow Trustee:	\$ _____
To Issuer	\$ _____
To Cons. Invest. Fund	\$ _____
To Other:	\$ _____

NOTES: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**FOR MUNICIPAL BOND COMMISSION USE ONLY:**

DOCUMENTS REQUIRED: \_\_\_\_\_  
TRANSFERS REQUIRED: \_\_\_\_\_  
\_\_\_\_\_

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

WV MUNICIPAL BOND COMMISSION  
 812 Quarrier Street  
 Suite 300  
 Charleston, WV 25301  
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 06/21/00

(See Reverse for Instructions)

ISSUE: Town of Oceana Sewer Revenue Bonds,  
Series 2000 B (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 190, Oceana, WV 24870 COUNTY: Wyoming

PURPOSE OF ISSUE: New Money: X  
 Refunding: X REFUNDS ISSUE(S) DATED: 08/20/96

ISSUE DATE: 06/21/00 CLOSING DATE: 06/21/00

ISSUE AMOUNT: \$7,273,500 RATE: 0%

1ST DEBT SERVICE DUE: 06/01/2002 1ST PRINCIPAL DUE: 06/01/2002

1ST DEBT SERVICE AMOUNT: \$47,540 PAYING AGENT: Municipal Bond Commission

BOND  
 COUNSEL: Steptoe & Johnson  
 Contact Person: Vincent A. Collins, Esq.  
 Phone: 624-8161

UNDERWRITERS  
 COUNSEL: Jackson & Kelly  
 Contact Person: Samme L. Gee, Esq.  
 Phone: 340-1318

CLOSING BANK: First Century Bank, National Association  
 Contact Person: Glenda Hanks  
 Phone: 682-6221

ESCROW TRUSTEE: \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
 Contact Person: Sharlene Cook  
 Position: Recorder  
 Phone: 682-6231

OTHER: WV Infrastructure and Jobs Development Council  
 Contact Person: Katy Mallory, P.E.  
 Function: Executive Secretary  
 Phone: 558-4607

DEPOSITS TO MBC AT CLOSE: \_\_\_\_\_  
 By: \_\_\_\_\_ Wire \_\_\_\_\_  
       X Check \_\_\_\_\_  
 Accrued Interest: \$ \_\_\_\_\_  
 Capitalized Interest: \$ \_\_\_\_\_  
 Reserve Account: \$ \_\_\_\_\_  
X Other: \* \_\_\_\_\_ \$ 488,230

REFUNDS & TRANSFERS BY MBC AT CLOSE  
 By: \_\_\_\_\_ Wire \_\_\_\_\_  
       \_\_\_\_\_ Check \_\_\_\_\_  
       \_\_\_\_\_ IGT \_\_\_\_\_  
 To Escrow Trustee: \$ \_\_\_\_\_  
 To Issuer: \$ \_\_\_\_\_  
 To Cons. Invest. Fund: \$ \_\_\_\_\_  
 To Other: \_\_\_\_\_ \$ \_\_\_\_\_

NOTES: \*Refunding of Issuer's Sewerage System Design Revenue Bonds, Series 1996A (West Virginia SRF Program)

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
 DOCUMENTS REQUIRED: \_\_\_\_\_  
 TRANSFERS REQUIRED: \_\_\_\_\_

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

TOWN OF OCEANA  
SEWER BOND CONSTRUCTION FUND

SERIES 2000A AND 2000B  
P O BOX 1442  
PRINCETON, WV 24740

0119

69-60/515  
BRANCH 5

PAY TO THE ORDER OF Municipal Bond Commission

DATE June 21, 2000

\$ 488,230.00\*\*\*\*

\$488,230.00



FIRST CENTURY BANK  
OCEANA, WV 24870

DOLLARS  Security features included. Details on back.

FOR SRF design loan pay-off Oceana 96-A Sewer

*John S. Hill*  
*Dennis Hill*

⑈00000119⑈ ⑆051500601⑆ 53000056⑈



TOWN OF OCEANA

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

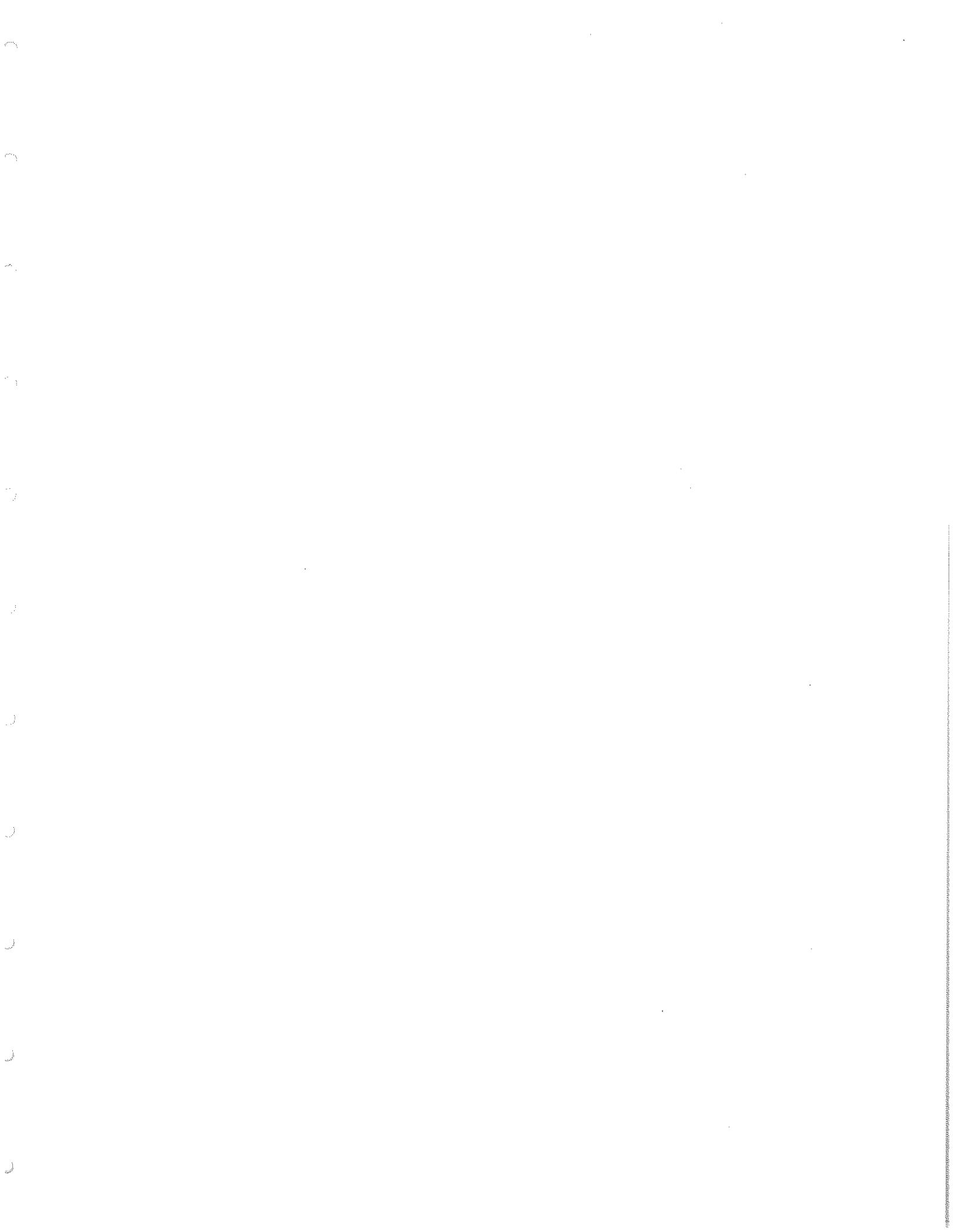
FIRST CENTURY BANK, NATIONAL ASSOCIATION, Oceana, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Oceana (the "Issuer") enacted by the Issuer on June 8, 2000, and a Supplemental Resolution adopted by the Issuer on June 8, 2000 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) and Sewer Revenue Bonds Series 2000 B (West Virginia Infrastructure Fund), both dated June 16, 2000, issued in the respective original aggregate principal amounts of \$5,364,000 and \$7,273,500 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 16th day of June, 2000.

FIRST CENTURY BANK, NATIONAL ASSOCIATION

By *Walter L. Bruntz*  
Its *Vice Pres - Mfg. Co.*

06/05/00  
668000/97001



TOWN OF OCEANA

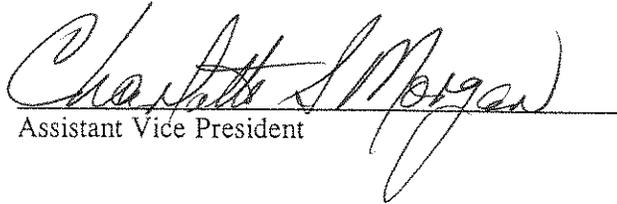
Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Oceana Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), both dated June 21, 2000, issued in the respective original aggregate principal amounts of \$5,364,000 and \$7,273,500 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 21st day of June, 2000.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION

  
Assistant Vice President

06/19/00  
668000/97001



TOWN OF OCEANA

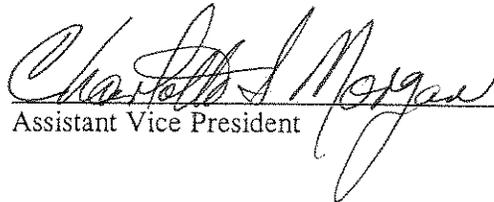
Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

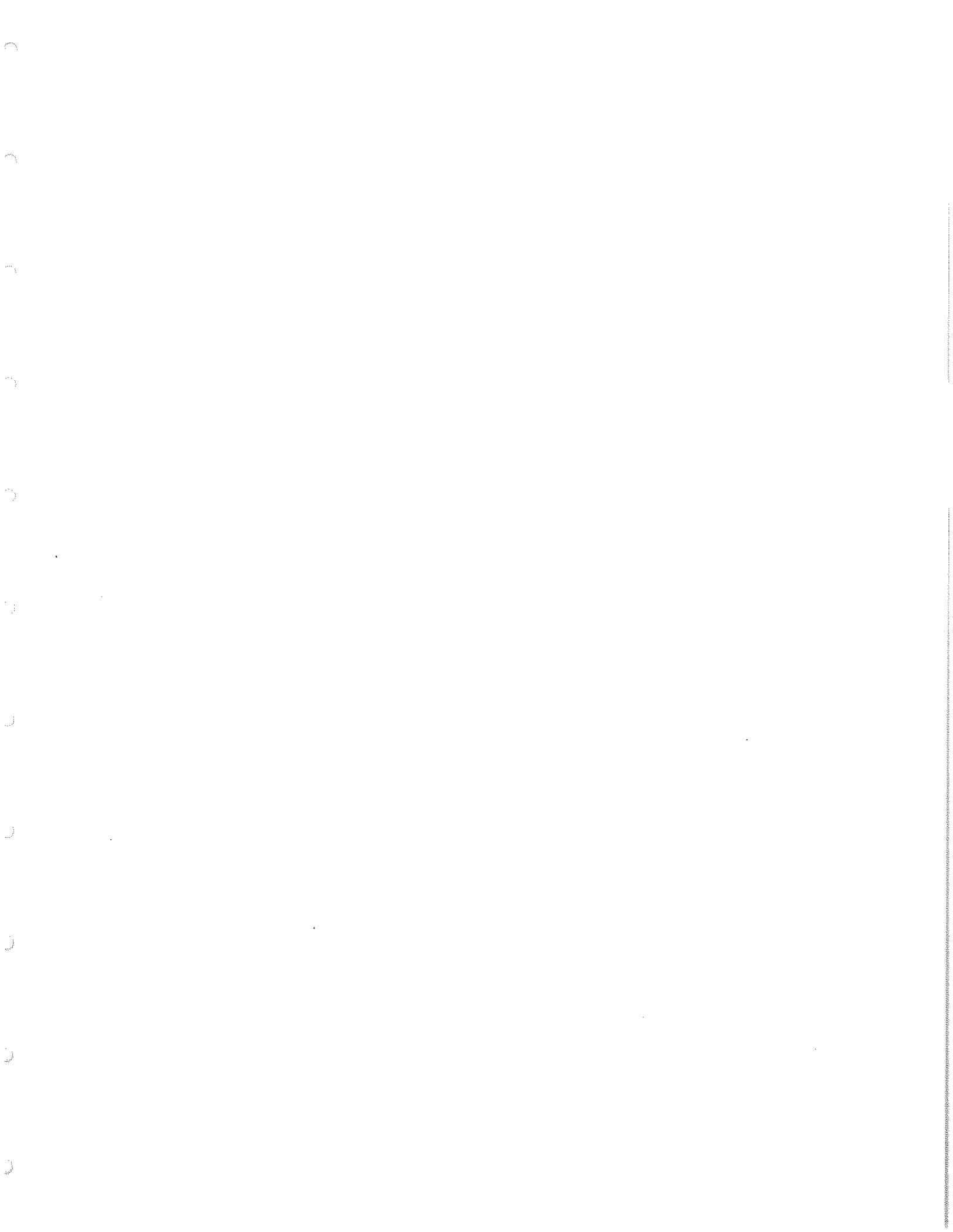
ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the Town of Oceana (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bond, Series 2000 A (West Virginia SRF Program), of the Issuer, dated June 21, 2000, in the principal amount of \$5,364,000, numbered AR-1, and the single, fully registered Sewer Revenue Bond, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated June 21, 2000, in the principal amount of \$7,273,500, numbered BR-1, were registered as to principal only 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 One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 21st day of June, 2000.

ONE VALLEY BANK, NATIONAL  
ASSOCIATION

  
Assistant Vice President

06/19/00  
668000/97001



TOWN OF OCEANA

Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 21st day of June, 2000, by and between the TOWN OF OCEANA, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$5,364,000 Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), and \$7,273,500 Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in fully registered form (collectively, the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted June 8, 2000, and a Supplemental Resolution of the Issuer duly adopted June 8, 2000 (collectively, the "Bond Legislation");

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 Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation 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 Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, 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 Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation 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 Bond Legislation 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 addresses:

ISSUER: Town of Oceana  
Post Office Box 190  
Ocean, West Virginia 24870  
Attention: Mayor

REGISTRAR: One Valley Bank, National Association  
Post Office Box 1793  
One Valley Square  
Charleston, West Virginia 25326  
Attention: Corporate Trust Department

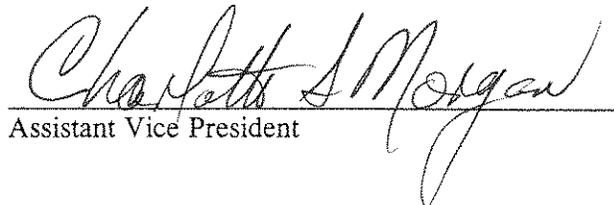
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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 day and year first above-written.

TOWN OF OCEANA

  
\_\_\_\_\_  
Mayor

ONE VALLEY BANK, NATIONAL  
ASSOCIATION

  
\_\_\_\_\_  
Assistant Vice President

06/19/00  
668000/97001

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

Invoice

ONE VALLEY  
BANK

THE HONORABLE JOHN P. STEFFEY  
MAYOR  
TOWN OF OCEANA  
P O BOX 190  
OCEANA WV 24870

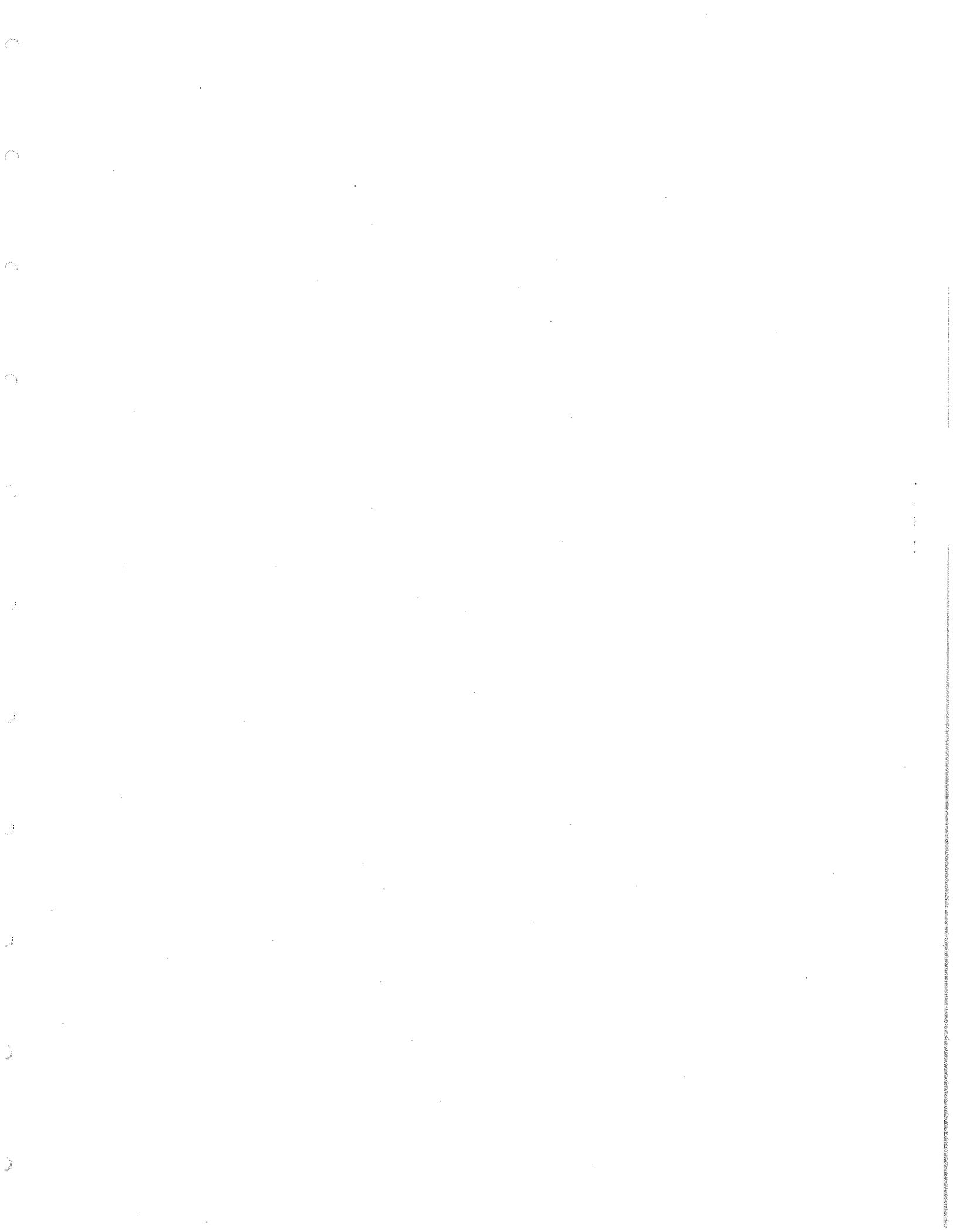
DATE JUNE 21, 2000

UNITS	ITEM DESCRIPTION	TOTAL
	<p>TOWN OF OCEANA, WV SEWER REVENUE BONDS, SERIES 2000 A (WV SRF PROGRAM) AND SERIES 2000 B (WV INFRASTRUCTURE FUND)</p> <p>ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....</p>	<p>\$250.00</p>

869

SEND REMITTANCE TO: One Valley Bank  
One Financial Place - 6th Floor  
One Valley Square  
P.O. Box 1793  
Charleston, WV 25326

ATTN: CHARLOTTE S MORGAN





A wastewater treatment plant comprised of an aerated grit chamber, a bar screen, a 272,000 gallon aeration chamber, a 40,500 gallon clarifier, a 7,500 gallon chlorine contact chamber, dechlorination facilities, six(6) sludge drying beds and all requisite appurtenances. Upon completion of the new wastewater treatment plant, the existing wastewater treatment plant shall be abandoned, and existing Outlet No. 001 eliminated.

These facilities are to serve a population equivalent of approximately 4,000 persons in the Town of Oceana, and discharge treated wastewater to Clear Fork, (approximately 12.5 miles from its mouth) of Guyandotte River.

To acquire, construct, install, operate and maintain a new 0.5 million gallons per day sequential batch reactor wastewater treatment plant which are further described as follows.

The wastewater collection system is comprised of approximately 17,400 linear feet of four (4) inch diameter gravity sewer line, 27,700 linear feet of six (6) inch diameter gravity sewer line, 42,500 linear feet of eight (8) inch diameter gravity sewer line, 800 linear feet of 20 inch diameter gravity sewer line, 4,100 linear feet of 21 inch diameter gravity sewer line, 410 manholes, necessary cleanouts, 16 lift stations, 3,500 linear feet of two (2) inch diameter, 2,500 linear feet of four (4) inch diameter and 9,300 linear feet of six (6) inch and 1,300 linear feet of 12 inch diameter force mains, and all requisite appurtenances.

These facilities are to serve a population equivalent of approximately 3,700 persons in the Kopperston Public Service District, inclusive of the communities of Lillyhaven and Lillydale, the Turkey Dip area, and Toney's Branch area, for subsequent treatment and discharge, to Clear Fork, approximately 11.3 miles from its mouth, of the Guyandotte River. The additional wastewater flow to be generated is anticipated to be approximately 262,000 gallons per day.

The wastewater treatment plant is comprised of an influent lift station, a mechanical bar screen, a grit removal and dewatering facilities, two (2) prereactor chambers with a volume of 22,000 gallons each, two (2) reactor chamber with volume of 308,000 gallons each which function as an internal clarifier with a surface area of 1,823 square feet each, ultraviolet disinfection facilities, post aeration facilities, an effluent lift station, a continuous effluent flow meter, an aerobic sludge holding tank with a volume of 77,000 gallons, 0.7 meter sludge dewatering belt filter press, post time sludge stabilization facilities, a head works building, an equipment building, a polymer unit, a washwater system, a lab building, and all necessary appurtenances.

Facility are to serve a population equivalent of approximately 6,400 persons in the Town of Oceana, the Kopperston Public Service District, inclusive of the communities of Lillyhaven and Lillydale, the Turkey Dip area and the Toney's Branch area, and environs, and discharge treated wastewater to the Clear Fork (approximately 11.3 miles from its mouth) of Guyandotte River.

(Continued)

**This permit is subject to the following terms and conditions:**

The information submitted on and with Permit Application No. WV0024431 dated the 5th day of October, 1999 are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein and with other conditions set forth in Sections A, B, C, D, and Appendix A.

**The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.**

**THE WASTEWATER TREATMENT PLANT AND WASTEWATER COLLECTION SYSTEM IMPROVEMENTS SHALL BE CONSTRUCTED IN ACCORDANCE WITH:**

**Plans, Specifications, and Reports:**

Date Approved: June 11, 1998

Prepared by: Dunn Engineering Inc.  
701 Virginia Street; West  
Charleston, WV 25302

Title: Town of Oceana  
Wyoming County, West Virginia  
Wastewater System Improvements  
Contract 1 - Wastewater Collection System- Lillyhaven, Lillydale Area  
Contract 2 - Wastewater Collection System- Turkey Dip Area  
Contract 3 - Wastewater Collection System- Kopperston, Toney's Branch Area  
Contract 4 - Wastewater Treatment Plant  
Contract 4A-Pump Stations  
SRF Project No. C-544079

**A.1. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS**

During the period beginning, June 3, 2000, and lasting through midnight, initiation of operation of the new plant, the permittee is authorized to discharge from outlet number(s) 001 - Discharge from existing sewage treatment facilities

Such discharges shall be limited and monitored by the permittee as specified below:

<u>Effluent Characteristic</u>	<u>Discharge Limitations</u>			<u>Monitoring Requirements</u>		
	<u>Avg. Monthly</u>	<u>(Quantity) lbs/day Max. Daily</u>	<u>Other Units (Specify) Avg. Monthly Max. Daily</u>	<u>Measurement Frequency</u>	<u>Sample Type</u>	
Flow	N/A	N/A	Monitor	MGD	Continuous	Measured
Biochemical Oxygen Demand (5-Day)	18.3	36.7	10.0	mg/l	1/Month	8 Hour Composite
Total Suspended Solids	55.0	110.1	30.0	mg/l	1/Month	8 Hour Composite
Ammonia Nitrogen	3.7	7.3	2.0	mg/l	1/Month	8 Hour Composite
Fecal Coliform	N/A	N/A	200	counts 100ml	1/Month	Grab
Dissolved Oxygen	Not less than 6.0 mg/l at any given time				1/Month	Grab
Total Residual Chlorine	N/A	N/A	0.028	mg/l	1/Month	Grab

The pH shall not be less than 6.0 standard units and not more than 9.0 standard units and shall be monitored monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): All effluent samples shall be collected at, or as near as possible to, the point of discharge. Effluent BOD<sub>5</sub> samples shall be properly reseeded, in accordance with approved procedures, prior to analysis.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

## A.2. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS

During the period beginning, with the initiation of operation of the new plant, and lasting through midnight, May 2, 2005, the permittee is authorized to discharge from outlet number(s) 001 - Discharge from new sewage treatment facilities

Such discharges shall be limited and monitored by the permittee as specified below:

<u>Effluent Characteristic</u>	<u>Discharge Limitations</u>			<u>Monitoring Requirements</u>		
	<u>Avg. Monthly</u>	<u>(Quantity) lbs/day</u> <u>Max. Daily</u>	<u>Other Units (Specify)</u> <u>Avg. Monthly</u> <u>Max. Daily</u>	<u>Measurement Frequency</u>	<u>Sample Type</u>	
Flow	N/A	N/A	Monitor	MGD	Measured	
Biochemical Oxygen Demand (5-Day)	41.7	83.4	10.0	20.0	1/Month	Batch <sup>1</sup>
Total Suspended Solids	125.17	250.35	30.0	60.0	1/Month	Batch <sup>1</sup>
Ammonia Nitrogen	8.3	16.7	2.0	4.0	1/Month	Batch <sup>1</sup>
Fecal Coliform	N/A	N/A	200	400	1/Month	Grab
Dissolved Oxygen	Not less than 6.0 mg/l at any given time					
Copper, Total Recoverable <sup>2</sup>	N/A	N/A	0.0088	0.0177	1/Quarter	Batch <sup>1</sup>
Lead, Total Recoverable <sup>2</sup>	N/A	N/A	0.0026	0.0052	1/Quarter	Batch <sup>1</sup>
Zinc, Total Recoverable <sup>2</sup>	N/A	N/A	0.058	0.117	1/Quarter	Batch <sup>1</sup>

<sup>1</sup>One(1) sample per batch discharge over a period of 24 hours

<sup>2</sup>Refer to Section C.13 on page 8 of 16

The pH shall not be less than 6.0 standard units and not more than 9.0 standard units and shall be monitored monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): All effluent samples shall be collected at, or as near as possible to, the point of discharge. Effluent BOD<sub>5</sub> samples shall be properly reseeded, in accordance with approved procedures, prior to analysis.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

**B. SCHEDULE OF COMPLIANCE**

- 1. The permittee shall achieve compliance with the provisions for waste treatment and the monitoring requirements specified in this permit in accordance with the following schedule:**

Effective Date of Permit.

- 2. Reports of compliance or non-compliance with, and progress reports on interim and final requirements contained in the above compliance schedule, shall be postmarked no later than 14 days following each schedule date.**

### C. OTHER REQUIREMENTS

1. The herein-described treatment works, structures, electrical, and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level, and operability shall be maintained during the twenty-five (25) year flood level.
2. The entire sewage treatment facility shall be adequately protected by fencing.
3. Continuous maintenance and operation of the listed sewage treatment facilities shall be performed by, or supervised by, a certified operator possessing at least a Class II certificate, for the existing facilities, and a new facilities, for Waste Water Treatment Plant Operators, issued by the State of West Virginia.
4. An instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.
5. The arithmetic mean of values for effluent samples collected in a period of seven(7) consecutive days shall not exceed 15.0 mg/l for five(5) day Biochemical Oxygen Demand, 45.0 mg/l for Total Suspended Solids, 3.0 mg/l for Ammonia Nitrogen at any given time.
6. The arithmetic mean of the effluent values of five(5) day Biochemical Oxygen Demand and Total Suspended Solids discharged during a period of 30 consecutive days shall not exceed 15 percent of the respective arithmetic mean of the influent values for these parameters, during the same time period, except as specifically authorized by the permitting authority.
7. The permittee shall not accept any new nondomestic discharges without first obtaining approval from the Chief of the Office of Water Resources, as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.
8. If any existing nondomestic discharge causes, or is suspected of causing, interference or pass through, as defined by 40 CFR Part 403.3, or otherwise violates any provision of 40 CFR Part 403, the permittee shall notify the Chief of such violation or suspected violation.
9. If any existing nondomestic discharge is identified as being subject to Categorical Pretreatment Standard, under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this Permit, the permittee shall notify the Chief of such identification.
10. The permittee shall submit each **month** according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration and/or quantities the values of the constituents listed in Section A analytically determined to be in the plant effluent (s). Additional information pertaining to effluent monitoring and reporting can be found in Appendix A, Part III.
11. The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:  
Chief  
Office of Water Resources  
1201 Greenbrier Street  
Charleston, West Virginia 25311-1088  
Attention: Engineering Branch
12. The permittee is proposing to use ultraviolet light as the disinfection method for the this treat ment facility. Therefore, this Office shall not currently impose a Total Residual Chlorine (TRC) limitation. However, should the permittee in the future decide to change to a chlorine- type disinfection method, this Office shall calculate and the impose a discharge limitation for TRC.

C. OTHER REQUIREMENTS (CONTINUED)

13. The analytical test procedures, set forth in 40 CFR Part 136, prescribes colorimetric methods for certain parameters. The digestion process for the performance of total recoverable is not sufficient for the utilization of a colorimetric procedure. Therefore, colorimetric procedures shall not be acceptable for the analysis of parameters prescribed as total recoverable.
14. The sampling and analyses required, herein, as prescribed in Section A.2. for copper, lead, and zinc, shall be conducted in accordance with sample collection, preservation, and analytical procedures specified in 40 CFR Part 136. The permittee shall assure that the test procedure being utilized has an appropriate method detection level (MDL) for the parameters. Analytical test results obtained that are less than the MDL shall, at this time, be reported as less than the MDL on the Discharge Monitoring Reports.

<u>Parameter</u>	<u>EPA Method No.</u>	<u>Recommended Detection Level ug/l</u>
Copper, Total Recoverable	220.2	1
Lead, Total Recoverable	239.2	1
Zinc, Total Recoverable	289.2	1

15. The permittee shall perform the analyses of the effluent discharge limitations, as prescribed in Section A.2. for copper, lead, and zinc, for a period of one(1) consecutive year. Thereupon, if compliance with the prescribed effluent discharge limitations, for these parameters, has been demonstrated, the permittee shall be afforded an opportunity to request a reduction in the measurement frequency for said parameters. Further, if effluent quality is such that pollutants are not potentially present in the effluent in amounts that will violate water quality standards, then the Chief may consider elimination of the prescribed effluent discharge limitation.
16. The permittee shall submit an application to incorporate the State statutory requirements relative to their sludge management program, on or before, 90 days from the initiation of operation of the new wastewater treatment plant. Whereupon, the review is concluded, and approval is granted, by the Chief, the permittee shall have full the requirements of Section D.5, removed substances, on page 11 of 16 of this permit, with respect to the sludge generated by the new wastewater treatment facilities permitted herein. Said approval shall be afforded in accordance with the provision of Title 33, Series 2, of the West Virginia Legislative Rules, accordingly.
17. Compliance shall be attained in accordance with Civil Action No. 90-C-441, and the Amended Consent Decree, therefrom.
18. The average daily design flow of the Town of Oceana, discharging through Outlet No. 001(for Section A.2), has been established at 0.5 million gallons per day (MGD). When the average monthly effluent flow reported on the Discharge Monitoring Reports reaches, or exceeds, 90 percent of the average design flow (0.45 MGD) during three(3) consecutive monthly periods, the permittee shall submit a Plan of Action to the Chief. The Plan of Action shall present, at a minimum, an analyses of current hydraulic and organic loadings on the plant, an analysis of the future projected loadings, and a Schedule of Tasks to accomplish procedures necessary to maintain satisfactory treatment levels.
19. Any future collection system extensions projected to cause an increase in the wastewater flow equal to or greater than 25,000 GPD shall require the permittee to contact the Chief to secure approval of the extension. After consideration of the complexity of the project and the available treatment capacity of the facility, the Chief may require the permittee to seek approval through Modification of the Permit.

**C. OTHER REQUIREMENTS (CONTINUED)**

20. The permittee shall be authorized to have one(1) allowable excursion of the maximum daily effluent discharge limitation, as prescribed in Section A.2, for Fecal Coliform, for Outlet No. 001, over the term of this Permit. The number of authorized excursions has been based upon one(1) percent of the number of samples required, over the term of the Permit.
  - a) Utilization of the authorized excursion shall only be afforded to the reporting of self-monitoring results, and only when such results are based upon an individual instantaneous measurement to assess compliance with the maximum daily limitation.
  - b) The result for which an allowable excursion is claimed shall, when applicable, be included in the calculation of the average monthly effluent value.
  - c) The excursion allowance shall be contingent upon the permittee's prompt return to compliance as evidenced by the next required Fecal Coliform self-monitoring event.

**D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS**

1. The permittee shall monitor and report monthly on the enclosed Sewage Sludge Management Report form the quality and quantity of sewage sludge produced. The required report shall be received no later than 20 days following the end of the reporting period and be addressed to:

**Chief  
 Office of Water Resources  
 1201 Greenbrier Street  
 Charleston, WV 25311-1088  
 Attention: Engineering Branch**

2. The permittee shall provide copies of monthly reports to the county or regional solid waste authority in which the facility or land application site(s) is located.
3. The Sewage Sludge Monitoring Report form shall be submitted semiannually. The required report shall be received no later than 20 days following the end of the reporting period and shall be addressed to:

**Chief  
 Office of Water Resources  
 1201 Greenbrier Street  
 Charleston, WV 25311-1088  
 Attention: Engineering Branch**

4. The following method(s) of sludge disposal shall be used for sewage sludge generated and/or processed at the permitted facility:
  - a) Land Application: Sewage sludge shall not be applied in a manner or in an amount that would cause the land application site(s) to exceed the annual or lifetime loading rates as listed below. The following site(s) may be used for land application:

<b>Land Application Site(s)</b>	<b>Five(5) Year Cumulative Loading Rate(s) Tons/Acre</b>	<b>Lifetime Loading Rate(s) Tons/Acre</b>
Lindell Goode	12	150
David Mullens	(Under Evaluation)	(Under Evaluation)

- b) Landfill Disposal: Sewage sludge may also be disposed at a landfill by placing the sewage sludge in the landfill cell, provided that the landfill obtains approval from the Office of Waste Management to allow the acceptance of sewage sludge from the permittee, and provided that the landfill(s) is/are identified in the permit application. Prior approval by the Office of Water Resources is required to change landfill disposal site(s).

**D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)**

4. (Continued)

c) Sewage sludge produced by the Town of Oceana treatment plant shall be collected by a septage hauler registered to operate under either General Permit No. WVSG10000 for land application of sewage sludge or General Permit No. WVSG20000 for disposal of sewage sludge at a wastewater treatment facility. The septage hauler shall properly dispose of the sewage sludge in accordance with Title 33, Series 2 of the Legislative Rules.

5. Sewage sludge shall not be applied to land that has any of the following siting restrictions and/or location standards:

- a) Land that is frozen, snow-covered, or known to be flooded on a regular basis unless the applicant can demonstrate to the Director that the land application will not cause runoff into streams or wetlands.
- b) Land that is within 50 feet of surface water including any streams, springs, ponds, wetlands, or other collection points for surface water.
- c) Land that is within 200 feet of drinking water supply wells or other personal water supply.
- d) Land that is within 200 feet of an occupied dwelling.
- e) Land that is within 50 feet of a federal or state highway.
- f) Land that is within 100 feet of an adjacent property owner's property line.
- g) Land that drains into a sinkhole.
- h) Land that has been tested and determined to have a pH of less than 6.2 SUs, unless the pH is adjusted to 6.2 SUs or greater.
- I) Land that has a slope greater than 15 percent.
- j) Land that has a seasonal high groundwater table less than two(2) feet from the surface.
- k) Land that has less than 6 inches of soil over bedrock or an impervious pan.
- l) Land that contains soil with surface permeability of less than 0.6 inches/hour or greater than 6 inches/hour.
- m) Land that, if sewage sludge was applied, is likely to adversely affect a threatened or endangered species listed under Section 4 of the Endangered Species Act or its designated critical habitat.

**D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)**

6. The following requirements concerning crops grown on land used for application of sewage sludge, the time requirements between application of sewage sludge and the harvesting of crops, and the restrictions on animal grazing and public access shall be met:
  - a) Food crops with harvested parts that touch the sewage sludge/soil mixture and are totally above the land surface shall not be harvested for 14 months after application of sewage sludge.
  - b) Food crops with harvested parts below the surface of the land shall not be harvested for 20 months after application of sewage sludge when the sewage sludge remains on the land surface for four(4) months or longer prior to incorporation into the soil.
  - c) Food crops with harvested parts below the surface of the land shall not be harvested for 38 months after application of sewage sludge when the sewage sludge remains on the land surface for less than four(4) months prior to incorporation into the soil.
  - d) Food crops (human consumption), feed crops (animal consumption), and fiber crops shall not be harvested for 30 days after application of sewage sludge.
  - e) Animals shall not be allowed to graze on the land for 30 days after application of sewage sludge.
  - f) Turf grown on land where sewage sludge is applied shall not be harvested for one(1) year after application of the sewage sludge when the harvested turf is placed on either land with a high potential for public exposure or a lawn, unless otherwise specified by the permitting authority.
  - g) Public access to land with a high potential for public exposure shall be restricted for one year after application of sewage sludge.
  - h) Public access to land with a low potential for public exposure shall be restricted for 30 days after application of sewage sludge.
7. Sewage sludge shall not be stored at a land application site for a period longer than one week; except, storage can be allowed for a period not to exceed three months when provisions, approved by the Chief of the Office of Water Resources of the Division, are made to prevent leachate runoff to the surface water and/or groundwater.
8. Sewage sludge shall only be land applied during the hours of daylight.
9. Sewage sludge which is land applied shall not contain excessive amounts of other solid waste materials, as defined in Title 33, Series 2, Section 2.34 of the Legislative Rules.
10. Areas used for processing, curing, and/or storage of sewage sludge shall be designed, constructed and operated to prevent release of contaminants to the groundwater and/or surface water.

**D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)**

11. The land application site(s) shall maintain the soil pH at a minimum of 6.2 SUs for at least five(5) years from the date of application. The soil pH and soil nutrients shall be monitored once per year by obtaining a composite sample of each land application site(s). The composite samples shall be made up of a minimum of four(4) aliquots taken at locations equally spaced through the land application site(s). The samples may be analyzed through the WVU Extension Service or by other certified laboratories.
12. All analyses performed on soils and sewage sludges shall be analyzed in accordance with analytical methods listed in 40 CFR Part 503.8 except that Nutrients may be analyzed in accordance with the most recently approved edition of Standard Methods and pH may be analyzed using EPA Method 9045A. Additionally, Fecal Coliform samples shall be prepared for analysis by using the method described in EPA 625R-92/013, Appendix F.
13. Sewage sludge disposed in a landfill cell shall be a non-hazardous material as defined in 40 CFR Part 261.24 and a minimum of 20 percent solids. If the sewage sludge is not 20 percent solids, a bulking agent may be used to achieve 20 percent solids before the sewage sludge is weighed in at the landfill.
14. If sewage sludge is used for revegetation, or spread in any other manner at the landfill, the sewage sludge shall meet all of the land application requirements. These requirements include vector attraction and pathogen reduction methods, heavy metals limits, and abiding by an approved loading rate based on soil analyses.
15. The following primary method for pathogen reduction shall apply to the sewage sludge or sewage sludge products:
  - a) Lime Stabilization - Lime is added to maintain the sewage sludge pH above 12.0 SUs for at least two(2) hours after the lime addition. The permittee shall record the pH of the sewage sludge at least twice, once upon addition of lime and once two(2) hours after addition.
  - b) If compliance cannot be achieved using the primary method for pathogen reduction, then the permittee must obtain approval from the Chief prior to use of a secondary method. The permittee shall not dispose of sewage sludge until approval of a secondary pathogen reduction method is granted.
16. The following primary method for vector attraction reduction shall apply to the sewage sludge or sewage sludge products:
  - a) Lime Stabilization - Lime is added to maintain the sewage sludge pH above 12.0 SUs for two(2) hours and above 11.5 SUs for 24 hours after the lime addition. The permittee shall record the pH of the sewage sludge at the 0, 2, and 24 hour intervals of treatment, and record the duration of time (hours) that the pH is maintained at or above the specified minimum levels.
  - b) If compliance cannot be achieved using the primary method for vector attraction reduction, then the permittee must obtain approval from the Chief prior to using a secondary method. The permittee shall not dispose of sewage sludge until approval of a secondary vector attraction method is granted.

**D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)**

17. The permittee shall maintain all records and reports of all monitoring required by Section D of this permit for five(5) years after the date of monitoring or reporting. Records should include all sample results, including pathogen and vector attraction reduction monitoring; any landfill receipts; land application records, including site maps, the landowner agreement, soil sample results, daily and cumulative sludge loading rate information; copies of all required reports; and records of all data used to complete these reports.
18. The following limitations and monitoring requirements shall apply to the sewage sludge or sewage sludge products:

<u>Parameter</u>	<u>Maximum Allowable Limitations (mg/kg)</u>	<u>Monitoring Frequency</u>	<u>*Sample Type</u>
Arsenic	41	1/6 Months	One Week Comp.
Cadmium	10	1/6 Months	One Week Comp.
Chromium	1000	1/6 Months	One Week Comp.
Copper	1000	1/6 Months	One Week Comp.
Lead	250	1/6 Months	One Week Comp.
Mercury	10	1/6 Months	One Week Comp.
Molybdenum	18	1/6 Months	One Week Comp.
Nickel	200	1/6 Months	One Week Comp.
Selenium	36	1/6 Months	One Week Comp.
Zinc	2500	1/6 Months	One Week Comp.
pH	Monitor	1/6 Months	Grab
Percent Solids	Monitor	1/6 Months	One Week Comp.
Magnesium	Monitor	1/6 Months	One Week Comp.
Potassium	Monitor	1/6 Months	One Week Comp.
Phosphorus	Monitor	1/6 Months	One Week Comp.
Calcium	Monitor	1/6 Months	One Week Comp.
Organic Nitrogen	Monitor	1/6 Months	One Week Comp.
Ammonia Nitrogen	Monitor	1/6 Months	One Week Comp.
Total Nitrogen	Monitor	1/6 Months	One Week Comp.
Fecal Coliform	Monitor	1/6 Months	Grab

\* The appropriate composite sampling procedures shall be based upon the particular sludge processing methods used by the permittee. The composite sampling procedures for the various methods are described as follows:

**Belt Press or Vacuum Filter** - During the week that the composite sample is obtained, the permittee shall take a minimum of three(3) grab samples during each day of the week that the dewatering system is in operation. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected at a point immediately after the dewatering operation.

**Liquid Sludge** - During the week that the composite sample is obtained, the permittee shall take a representative grab sample from each truck load of sewage sludge hauled during that week. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected from the sewage sludge being pumped into the truck or as the sewage sludge is being discharged from the truck.

**D. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)**

18. (Continued)

**Sewage Sludge Drying Beds** - During the week that the composite sample is obtained, the permittee shall take a minimum of four(4) grab samples from each bed finished during that week. These grab samples are to be mixed together and the final sample obtained from the composite.

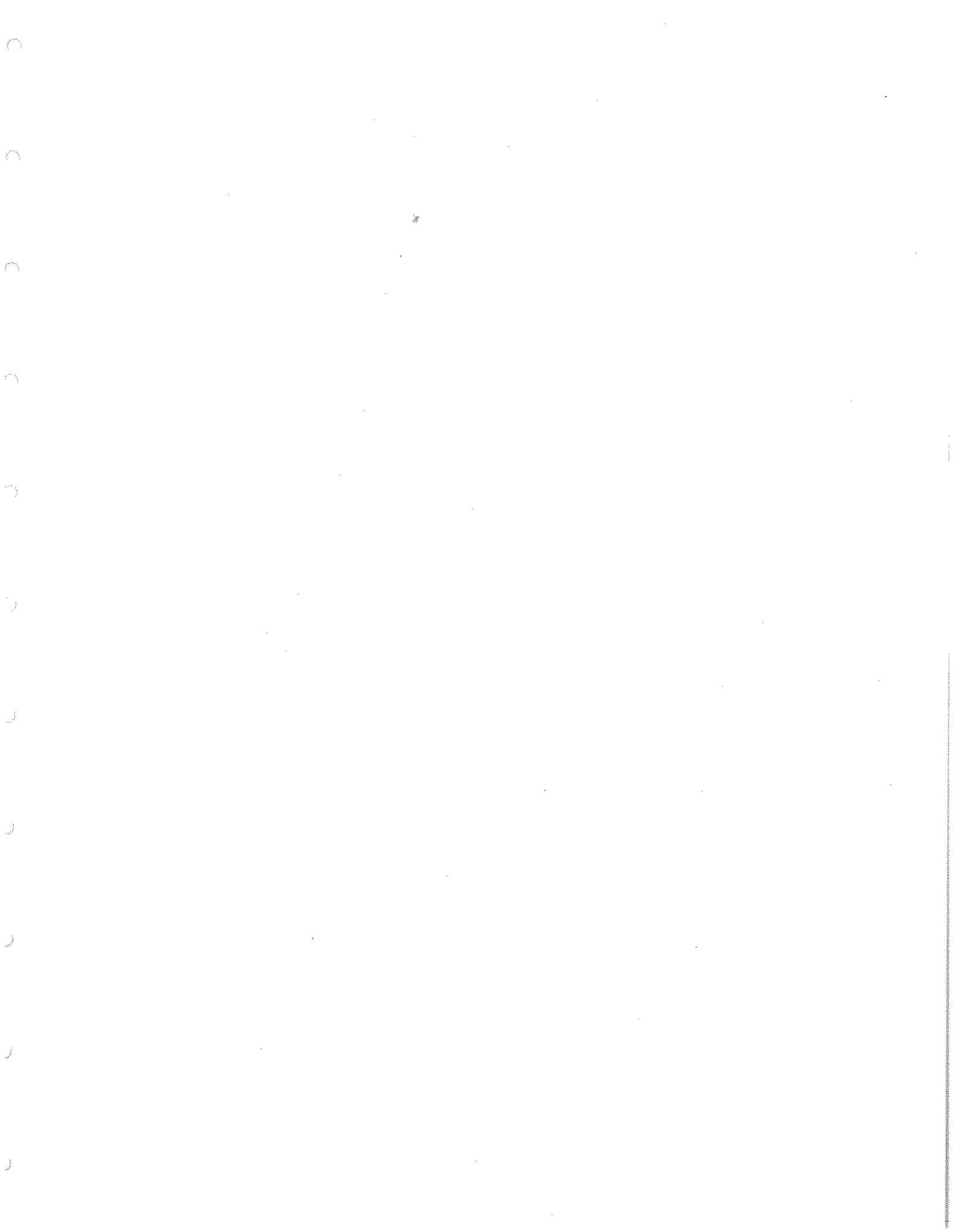
**Composting or Stock Piles** - The permittee shall obtain a minimum of eight(8) grab samples from the pile of finished product. These grab samples are to be mixed together and the final sample obtained from the composite.

19. No single instantaneous grab sample of the final sewage sludge product shall exceed the values listed in Table 2 of the West Virginia Sewage Sludge Management Regulations (Title 33, Series 2).

20. Sewage sludge shall not be land applied in a manner or in an amount that will cause the land application site(s) to exceed the maximum soil concentrations for the following heavy metals:

<u>Parameter</u>	<u>Maximum Allowable Limitations For Soils (mg/kg)</u>
Arsenic	18.0
Cadmium	5.0
Chromium	300.0
Copper	300.0
Lead	70.0
Mercury	2.0
Molybdenum	4.0
Nickel	74.0
Selenium	7.0
Zinc	500.0





TOWN OF OCEANA, WEST VIRGINIA

SEWER REVENUE BOND, SERIES 1992 A AND B

BOND ORDINANCE

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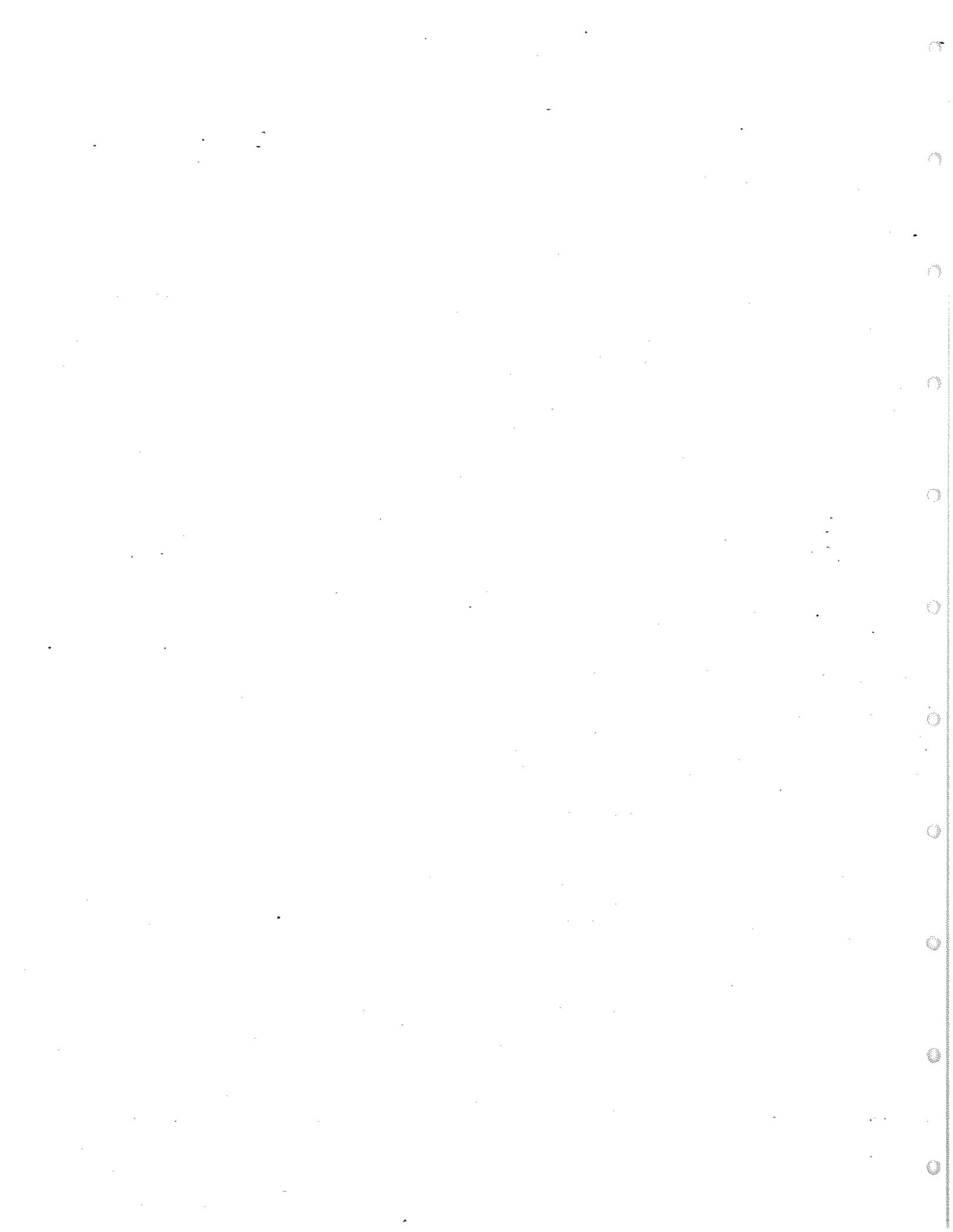
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TOWN OF OCEANA, WEST VIRGINIA

ORDINANCE

ORDINANCE AUTHORIZING THE REFUNDING OF THE OUTSTANDING SEWER REVENUE BONDS, DATED JULY 1, 1964, OF THE TOWN OF OCEANA, WEST VIRGINIA; AUTHORIZING THE CONSTRUCTION OF BETTERMENTS AND IMPROVEMENTS TO THE SEWER WORKS OF THE TOWN BY CONSTRUCTION OF IMPROVEMENTS TO THE SEWER SYSTEM AND OTHER MATTERS; AUTHORIZING THE ISSUANCE BY THE TOWN OF ITS SEWER REVENUE BONDS, SERIES 1992 A AND SERIES 1992 B TO PAY THE COSTS OF SUCH REFUNDING AND CONSTRUCTION; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO 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 COUNSEL OF THE TOWN OF OCEANA, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (the "Ordinance" and, together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. The Town of Oceana, West Virginia (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State.

B. The Issuer has heretofore issued its Sewer Revenue Bonds, dated July 1, 1964 in the original aggregate principal amount of \$335,000 (the "Prior Bonds") which are currently outstanding in the approximate amount of \$145,000. The Prior Bonds were issued pursuant to an ordinance enacted by the Issuer on October 9, 1964 (the "Prior Ordinance"). Proceeds of the Prior Bonds were used to pay a portion of the costs of acquisition and construction of a public sewage treatment, collection and transportation system. The Issuer presently owns and operates said public sewer system. However, it is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the said inhabitants and customers, and, accordingly, it is hereby ordered, that there be constructed additions, betterments and improvements to the sewerworks of the Town including construction of replacement of some sewer line, construction of vacuum drying bed system, treatment plant improvements and other

additions and betterments which are also described in the Engineering Report of the Consulting Engineer (hereinafter collectively called the "Project"), and heretofore filed in the office of the Recorder. The Issuer further deems it necessary and desirable to refund the Prior Bonds pursuant to the terms of the Escrow Agreement, hereinafter defined, for the purpose of releasing the lien of the Prior Resolution.

C. 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 the costs of the operation and maintenance of said System, the principal of and interest on the Series 1992 Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is therefore deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$1,020,009 in two series, being the Series 1992 A Bonds in the aggregate principal amount of not more than \$985,000 and the Series 1992 B Bonds in the aggregate principal amount of not more than \$35,000 (collectively, the "Series 1992 Bonds") to finance costs of the refunding of the Prior Bonds and the construction and acquisition of the Project not otherwise provided for. The estimated maximum cost of the refunding of the Prior Bonds and the construction and acquisition of the Project is \$1,769,109, of which \$1,014,109 will be obtained from the sale of the Series 1992 Bonds and \$750,000 from the small cities block grant hereinafter defined. Said costs shall be deemed to include the cost of all property rights; easements and franchises deemed necessary or convenient therefor; capitalized interest during acquisition and construction and for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering 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 expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1992 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the completion of construction or acquisition of the Project and the placing of 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 1992 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that the Series 1992 Bonds be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

G. Upon issuance of the Series 1992 Bonds, and upon the refunding of the Prior Bonds, there will not be outstanding any obligations of the Issuer which will rank prior to or on a parity with the Series 1992 Bonds as to lien and source of and security for payment. The Series 1992 B Bonds shall be junior and subordinate to the Series 1992 A Bonds as to lien and source of payment.

H. The Issuer has complied with all requirements of West Virginia law relating to the refunding of the Prior Bonds and authorization of the construction, acquisition and operation of the Project and issuance of the Series 1992 Bonds, or will have so complied prior to issuance thereof, including, among other things, if required, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or have been waived by the Public Service Commission of West Virginia.

I. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and System, and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(C) of the Code and all other entities benefiting thereby reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year in which the original Bonds are to be issued.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Council to enact this Ordinance and issue the Bonds, as needed for the purposes set forth herein.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1992 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 Bondholders, 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 Series 1992 Bonds, all 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. Definitions. Unless expressly changed herein, all capitalized terms used in the Prior Resolution shall have the same meanings herein. In addition, the following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any

other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor of the Issuer duly appointed by the Governing Body.

"Bondholder," "Holder of the Bonds," "Holder" 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.

"Bond Legislation," "Ordinance," "Bond Ordinance" or "Local Act" means this Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year except that the first Bond Year shall begin on the Closing Date.

"Bonds" or "Bonds originally authorized hereby" or similar phrases means, collectively, the Series 1992 Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and Regulations.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Construction Fund" means the Construction Fund established by Section 4.01 hereof.

"Consulting Engineers" means Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository Bank" means the bank designated as such in this Resolution, and its successors and assigns.

"Escrow Agreement" means any Escrow Deposit Agreement by and between the Issuer and the Commission.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Facilities" means all the facilities of the System as expanded by the Project and also any facilities which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the council of the Issuer, as may hereafter be constituted.

"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, as hereinafter defined, 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, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Independent Certified Public Accountants" shall mean 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 Oceana, in Wyoming County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan,

excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Series 1992 Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer ratified and confirmed by, the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Accounts. 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 1992 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 hereinafter defined.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1992 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1992 Bonds.

"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 the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent (all as herein defined), 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, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article IX hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitation prescribed by Section 6.07 hereof.

"Paying Agent" means the West Virginia Municipal Bond Commission, its successors and assigns.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project" shall have the meaning stated above in Section 1.02(B).

"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; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) 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;

(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 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 holder 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 State Board of Investments pursuant to Chapter 12, Article 6, of the West Virginia Code of 1931, as amended; provided, that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments other than that described in this paragraph (h); 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 Investors Service, Inc. or Standard & Poor's Corporation.

"Rebate Fund" means the Rebate Fund established by Section 4.01 hereof.

"Registered Owner," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond, 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 established by Section 4.01 hereof.

"Revenue Fund" or "Series Revenue Fund" means the Revenue Fund or Series Revenue Fund established by Section 4.01 hereof.

"Sanitary Board" means any Sanitary Board of the Issuer.

"Series 1992 A Bonds" or "Series A Bonds" means the not more than \$985,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 A, of the Issuer.

"Series 1992 A Bonds Reserve Account" means the Series 1992 A Bonds Reserve Account established in the Series 1992 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1992 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1992 A Bonds in any year.

"Series 1992 A Bonds Sinking Fund" means the Series 1992 A Sinking Fund established by Section 4.02 hereof.

"Series 1992 B Bonds" or "Series B Bonds" means the not more than \$35,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 B, of the Issuer.

"Series 1992 B Bonds Reserve Account" means the Series 1992 A Bonds Reserve Account established in the Series 1992 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1992 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1992 A Bonds in any year.

"Series 1992 B Bonds Sinking Fund" means the Series 1992 A Sinking Fund established by Section 4.02 hereof.

"Small Cities Block Grant" means that certain Small Cities Block Grant in the amount of \$750,000 granted to the Issuer.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale the Series 1992 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1992 Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the 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 the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" or "Sewerworks System" means the sewerworks system in its entirety or any integral part thereof, including mains, meters, valves, pipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification and treatment plants, and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a sewer system owned by the Town, including all sewer facilities now owned by the Town and as expanded and improved by the Project, and all facilities

and other property of every nature, real or personal, now or hereafter owned by the Town and held or used in connection with the sewerworks; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the Project and owned by the Town.

"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; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

## ARTICLE II

### AUTHORIZATION OF REFUNDING OF THE PRIOR BONDS AND CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Refunding of the Prior Bonds and Construction and Acquisition of the Project. There is hereby authorized the refunding of the Prior Bonds and the construction and acquisition of the Project, at an estimated cost of \$1,769,109. The Issuer shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, such acquisition and construction of the Project in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof, respectively.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF SERIES 1992 BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on a portion of the Series 1992 Bonds, funding a reserve account for each Series of Bonds, paying the costs of refunding the Prior Bonds, and paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bond and related costs, or any of such purposes, as determined by a Supplemental Resolution, there shall be issued the Series 1992 Bonds, in an aggregate principal amount of not more than \$1,020,000. Said Bonds shall be issued in two series, to be designated, "Water Revenue Bonds, Series 1992 A" in the aggregate principal amount of not more than \$985,000, and "Water Revenue Bonds, Series 1992 B" in the aggregate principal amount of not more than \$35,000, and shall have such terms as set forth hereinafter or in any Supplemental Resolution. The proceeds of the Bonds remaining after the funding of the costs of refunding the Prior Bonds and the funding of the Reserve Accounts (if funded from Bond proceeds) shall, subject to Section 5.02 hereof, be deposited in or credited to the Construction Fund established by Section 4.01 hereof.

Section 3.02. Terms of Bonds. The Series 1992 A Bond shall be a single registered bond numbered AR-1. The Series 1992 B Bond shall be a single registered bond numbered BR-1. The Bonds shall bear interest at such rate or rates, in no event to exceed 7.75% per annum, payable 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 a Supplemental Resolution. The 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 on the Bonds shall be paid by check or draft of the Paying 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 1992 Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series 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 the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations and at such interest rates and shall be payable as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. 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 Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, 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 Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.09 shall have been manually executed by the Bond 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 Bond Legislation. The Certificate of Authentication and Registration on any 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 Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bond shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder 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 Bond Registrar shall keep and maintain books for the registration and transfer of the Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost

of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds; next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate 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 Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar 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 3.07. Bond not to be Indebtedness of the Issuer. The Bond 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 Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Reserve Accounts. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues: Series 1992 B Bonds to be Junior and Subordinate to Series 1992 A Bonds. The payment of the debt service of all the Series 1992 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the net Revenues derived from the System. The payment of the debt service of all the Series 1992 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1992 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Series 1992 Bonds. The text of the Series 1992 Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 1992 A BOND]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF OCEANA  
SEWER REVENUE BOND, SERIES 1992 A

No. AR-1

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF OCEANA, WEST VIRGINIA, a municipal corporation and political subdivision of the State of West Virginia in Wyoming 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 \_\_\_\_\_ (\$ \_\_\_\_\_) in installments on \_\_\_\_\_ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on \_\_\_\_\_ 1 and October 1 in each year, beginning \_\_\_\_\_ 1, 19\_\_\_\_. 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 is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated \_\_\_\_\_ 19\_\_\_\_.

This Bond is issued (i) to pay a portion of the costs of refunding the outstanding Sewer Revenue Bonds of the Issuer dated July 1, 1964, in the original aggregate principal amount of \$335,000 (the "Prior Bonds"); (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage facilities of the Issuer (the "Project"); (iii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iv) to fund a reserve account for the Bonds of this series; and (v) to pay certain costs of issuance hereof and related costs. The existing sewerage system

of the Issuer, the Project, and any future additions, betterments or improvements thereto, is 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 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted on \_\_\_\_\_, 1992, and a Supplemental Resolution, duly adopted by the Issuer on \_\_\_\_\_, 19\_\_\_\_ (collectively called 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 of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1992 B, OF THE ISSUER, DATED \_\_\_\_\_, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$\_\_\_\_\_, (THE "SERIES 1992 B BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, 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 1992 A Bonds Reserve Account and unexpended Bond proceeds. 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 amount required to pay the maximum amount due in any year of principal of and interest on the Series 1992 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with this Bond or, if the Reserve Account for the Bond is funded (whether by proceeds of the Bond, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will become due on the Series 1992 A Bonds in any fiscal year, and any reserve account for such prior or parity obligations is funded at least at the requirement therefor, equal to at least 110% of the amount required in any fiscal year for debt service on the Series 1992 A Bonds and any such prior or parity obligations. The Issuer has entered into certain further covenants with the registered owner of the Series 1992 A Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of the Series 1992 A Bonds is 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 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 the Project described in the Bond Legislation, and there shall be and hereby as created and granted a lien upon such moneys, until so applied, in favor of the registered 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 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 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 OCEANA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated \_\_\_\_\_, 1992.

TOWN OF OCEANA, WEST VIRGINIA

[SEAL]

By \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: \_\_\_\_\_

ONE VALLEY BANK, NATIONAL ASSOCIATION,  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

**EXHIBIT A**  
**SCHEDULE OF ANNUAL DEBT SERVICE**

(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 with full power of substitution on the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

the presence of:

\_\_\_\_\_

[FORM OF SERIES 1992 B BOND]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF OCEANA  
SEWER REVENUE BOND, SERIES 1992 B

No. BR-1

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF OCEANA, a municipal corporation and political subdivision of the State of West Virginia in Wyoming 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 \_\_\_\_\_ (\$ \_\_\_\_\_), in annual installments on \_\_\_\_\_ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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").

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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated \_\_\_\_\_, 19 \_\_\_\_\_.

This Bond is issued (i) to pay a portion of the costs of refunding the outstanding Sewer Revenue Bonds of the Issuer dated July 1, 1964, in the original aggregate principal amount of \$335,000 (the "Prior Bonds"); (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage facilities of the Issuer (the "Project"); (iii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iv) to fund a reserve account for the Bonds of this series; and (v) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any future additions, betterments or improvements thereto, is 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 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted on \_\_\_\_\_, 1992, and a Supplemental Resolution, duly adopted by the Issuer on \_\_\_\_\_, 19 \_\_\_\_\_ (collectively called 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 of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIEN, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWER REVENUE BONDS, SERIES 1992 A, OF THE ISSUER, DATED \_\_\_\_\_, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$\_\_\_\_\_, (THE "SERIES 1992 A BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of a second lien on the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation (the "Series 1992 B Bond Reserve Account"), and unexpended proceeds of the Bonds. Such Net 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1992 B Reserve Account and unexpended Bond proceeds. 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 at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Series 1992 B Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with this Bond or, if the Reserve Account for the Bond is funded (whether by proceeds of the Bond, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will become due on the Series 1992 B Bonds in any fiscal year, and any reserve account for such prior or parity obligations is funded at least at the requirement therefor, equal to at least 110% of the amount required in any fiscal year for debt service on the Series 1992 B Bonds and any such prior or parity obligations. The Issuer has entered into certain further covenants with the registered owner of the Series 1992 B Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of the Series 1992 B Bonds is 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 West Virginia, as registrar (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 an writing.

Subject to the registration requirements as 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 the Project 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 the Bonds, which lien as subordinate to the lien in favor of the registered owner of the Series 1992 A Bonds.

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 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 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 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 OCEANA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder and has caused this Bond to be dated \_\_\_\_\_, 1992.

[SEAL]

TOWN OF OCEANA, WEST VIRGINIA

By \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: \_\_\_\_\_

ONE VALLEY BANK, NATIONAL ASSOCIATION,  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE



Section 3.10. Sale of Series 1992 Bonds: Ratification of Execution of Loan Agreement with Authority: Incorporation of Terms. The Series 1992 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in substantially the form attached hereto as "Exhibit A" and made a part hereof, with such changes, insertions and omissions as may be approved by the Chairman, the execution of which shall be conclusive evidence of such approval, and the Secretary 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, ratified and approved. The Loan Agreement, as the same may be amended and/or supplemented, and the terms and provisions thereof are herein incorporated by reference thereto.

## ARTICLE IV

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue or Sewer Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund;
- (4) Construction Fund; and
- (5) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with the Commission:

- (1) Series 1992 A Bonds Sinking Fund;
  - (a) Within the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account.
- (2) Series 1992 B Bonds Sinking Fund;
  - (a) Within the Series 1992 B Bonds Sinking Fund, the Series 1992 B Bonds Reserve Account.

### Section 4.03. 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.

(1) The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, (1) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1992 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1992 A Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on said Bond on the next ensuing semiannual interest payment date; provided, that, in the event the

period to elapse between the date of such initial deposit in the Series 1992 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Bond on the next ensuing principal payment date: provided that, in the event the period to elapse between the date of such initial deposit in the Series 1992 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1992 A Bond, if not fully funded upon issuance of the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 A Bond Reserve Account, an amount equal to 1/120 of the Series 1992 A Bond Reserve Requirement; provided, that no further payments shall be made into the Series 1992 A Bond 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 1992 A Bond Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1992 A Bonds 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 VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1992 A Bonds 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.

(5) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1992 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 B Bonds Sinking

Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Bond on the next ensuing principal payment date: provided that, in the event the period to elapse between the date of such initial deposit in the Series 1992 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(6) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1992 B Bond, if not fully funded upon issuance of the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 B Bond Reserve Account, an amount equal to 1/120 of the Series 1992 B Bond Reserve Requirement; provided, that no further payments shall be made into the Series 1992 B Bond 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 1992 B Bond Reserve Requirement.

Moneys in the Series 1992 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due when other moneys in the attendant Sinking Fund are insufficient therefore, and for no other purpose.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Sinking Funds and Reserve Accounts 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 Construction 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 payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1992 A Bonds Reserve Account which result in a reduction in the balance of the Series 1992 A Bonds Reserve Account to below the Series 1992 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 1992 A Bonds Sinking Fund for payment of debt service on the Series 1992 A Bonds have been paid in full.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1992 B Bonds Reserve

Account which result in a reduction in the balance of the Series 1992 B Bonds Reserve Account to below the Series 1992 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1992 B Bonds Sinking Fund have been paid in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1992 A Bonds Sinking Fund, the Series 1992 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, 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.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the

estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. 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, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Commission's fees, the Depository Bank's charges and the Paying Agent fees then due.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund 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, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03 and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

F. All remittances made by the Issuer to the Commission 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.

H. All Tap Fees shall be deposited by the Issuer, as received, in the Construction Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

## ARTICLE V

### BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01. Pledge of Unexpended Bond Proceeds. From the moneys received from time to time from the sale of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1992 A Bonds, there shall first be paid any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

B. From the proceeds of the Series 1992 A Bonds, in accordance with the terms of the Escrow Agreement, there shall next be paid to the holder of the Prior Bonds the amount necessary to refund the Prior Bonds and release the lien of the Prior Resolution.

C. From the proceeds of the Series 1992 A Bonds, there shall next be deposited with the Commission in the Series 1992 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1992 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

D. Next, from the proceeds of the Series 1992 A Bonds, there shall be deposited with the Commission in the Series 1992 A Bonds Reserve Account and from the proceeds of the Series 1992 B Bonds, there shall be deposited with the Commission in the Series 1992 B Bonds Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

E. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Construction Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 5.02.

F. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Fund and shall comply with all requirements with respect to the disposition of the Construction Fund set forth in the Bond Legislation. Moneys in the Construction Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1992 A Bonds, and thereafter for the Series 1992 B Bonds.

Section 5.02. Disbursements From the Construction Fund. Payments for costs of the Project shall be made monthly.

Disbursements from the Construction Fund, except for the costs of issuance of the Original Bonds, which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(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 then due and owing.

In case any contract provides that the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Construction Fund to the Series 1992 A Bonds Reserve Account, and when fully funded to the Series 1992 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon.

## ARTICLE VI

### ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions of 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 Holder or Holders of the Bond. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Bonds shall be or 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 Holder or Holders of any Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1992 A Bonds issued hereunder shall be secured forthwith by a lien on the Net Revenues derived from the operation of the System, and the payment of the debt service on the Series 1992 B Bonds issued hereunder shall be secured by a second lien on said net revenues, to the extent necessary to make the payments required under Section 5.03 of this Bond Legislation.

The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 6.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the existing rate ordinance of the Issuer.

Section 6.05. Sale of the System. Except as otherwise required by state law, or with the written consent of 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 all the Bonds, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and

interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission 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 therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, 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, determine upon consultation with the Consulting Engineers 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. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds 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, or their duly authorized representatives, of over 50% in amount of the Bonds then outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution 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 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.06 and in Section 6.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally 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 Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably provided

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 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 Bonds; 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. All obligations issued by the Issuer after the issuance of the Bonds and 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 and source of and security for payment from such revenues and in all other respects, to the Series 1992 A Bonds and the Series 1992 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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 being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 6.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bond issued pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1992 B Bonds. Notwithstanding the foregoing, in the event that the Series 1992 B Bonds are no longer Outstanding, Parity Bonds may be issued which shall be payable out of the revenues of the System on a parity with the Series 1992 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, 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 annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, 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 on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, 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 hereinabove 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 Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by 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 Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. 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 Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

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 1992 A Bonds and the Series 1992 B Bonds on such revenues, or in the event the Series 1992 B Bonds are no longer Outstanding, the Series 1992 A Bonds. 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 1992 A Bonds and the Series 1992 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to 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 such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

B. Notwithstanding the foregoing, or any provision of Section 6.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 6.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 6.08. Books and Records. 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 Holder of a Bond or Bonds issued pursuant to this 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 and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. 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 Consulting Engineers and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of 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 with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Bonds or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the Issuer's revenues are adequate to meet its expenses and debt service requirements.

The Issuer shall also, during construction of the Project and for two years following the completion of the Project, complete a Monthly Financial Report, as described in the Loan Agreement, and forward a copy by the 10th of each month to the Authority.

Section 6.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all 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 said 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 reasonable expenses of operation, repair and maintenance 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the reserve accounts or reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 6.04.

Section 6.10. Operating Budget and Audit. 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. 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 the Consulting Engineers, 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 the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall, within 30 days of the adoption thereof, mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bond, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bond, or anyone acting for and on behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 6.11. No Competing Franchise. To the extent legally allowable, 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 6.12. Enforcement of Collections. The Issuer 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 Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 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 the rules and regulations of the Public Service Commission of West Virginia, 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 the rules and

regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services 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 6.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the 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 themselves 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. 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 6.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, 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:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, ON ALL above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 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 Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting 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 West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

B. 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. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 6.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30

day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction, provided that Issuer gives no assurance of compliance with these requirements for parties outside the limits of The City.

Section 6.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Bonds are used for private business use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a private business use or in payments in respect of property used or to be used for a private business use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a private business use, and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Bonds are used for a private business use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said private business use or in payments in respect of property used or to be used for said private business use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said private business use, then said excess over said 5% of Net Proceeds of the Bonds used for a private business use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such private business use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

## ARTICLE VII

### INVESTMENT OF FUNDS; NON ARBITRAGE

Section 7.01. 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 re-invested 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 specific restrictions and provisions set forth in this Section 7.01.

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, the Depository Bank, or such other bank or national banking association, as the case may be, 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 on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, 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 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, 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 Bonds are outstanding.

Section 7.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "Arbitrage Bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it or shall refrain from taking any action, as shall be deemed necessary by the Authority (including, without implied limitation, the timely filing of a Federal Information Return with respect to the Bonds) so that the interest on the Bonds 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 7.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be

prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code of such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate

with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate. The Issuer shall furnish to the Authority such information with respect to earnings on all moneys constituting "Gross Proceeds" of the Bonds (as such term is defined in the Code) from time to time as the Authority may request. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority.

## ARTICLE VIII

### DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, or the Loan Agreement, any supplemental resolution or in the 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 Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

(3) 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.

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond, 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 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 Bond, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bond, or the rights of such Registered Owners.

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, 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 in payment of principal of or interest on the Local Bonds with respect to such Bond any Registered Owner of a Bond 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 or both, as provided by law, on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bond and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its 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 Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this 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 or it, 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 may be 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 Bond. 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 Issuer and Registered Owner of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said 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, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE IX

### DEFEASANCE

Section 9.01. Defeasance of Series 1992 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 1992 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1992 A Bonds only the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered

Owners of the Series 1992 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1992 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1992 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All the Series 1992 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1992 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1992 A Bonds provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bond on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 9.02. Defeasance of Series 1992 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 1992 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1992 B Bonds only the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1992 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1992 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1992 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All the Series 1992 B Bonds

shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1992 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1992 B Bonds provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bond on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

## ARTICLE X

### MISCELLANEOUS

Section 10.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond 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 funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds from gross income of the holders thereof.

Section 10.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 10.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance 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 Ordinance, the Supplemental Resolution or the Bond.

Section 10.04. 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 10.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 10.06. Covenant of Due Procedure, Etc. 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 enactment 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, Recorder and members of the Governing Body 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. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 10.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in a qualified newspaper published and of general circulation in the Town of Oceana, together with a notice stating that this Bond legislation has been adopted and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the City Council upon a date certain, not less than ten 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 the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading - October 1, 1992.

Passed on Second Reading - October 8, 1992.

Passed on Final Reading  
Following Public Hearing - October 28, 1992.

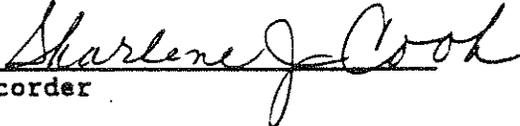
[SEAL]

TOWN OF OCEANA, WEST VIRGINIA

By

  
Mayor

ATTEST:

  
Recorder

Supplemental Resolution of The Town of Oceana, West Virginia

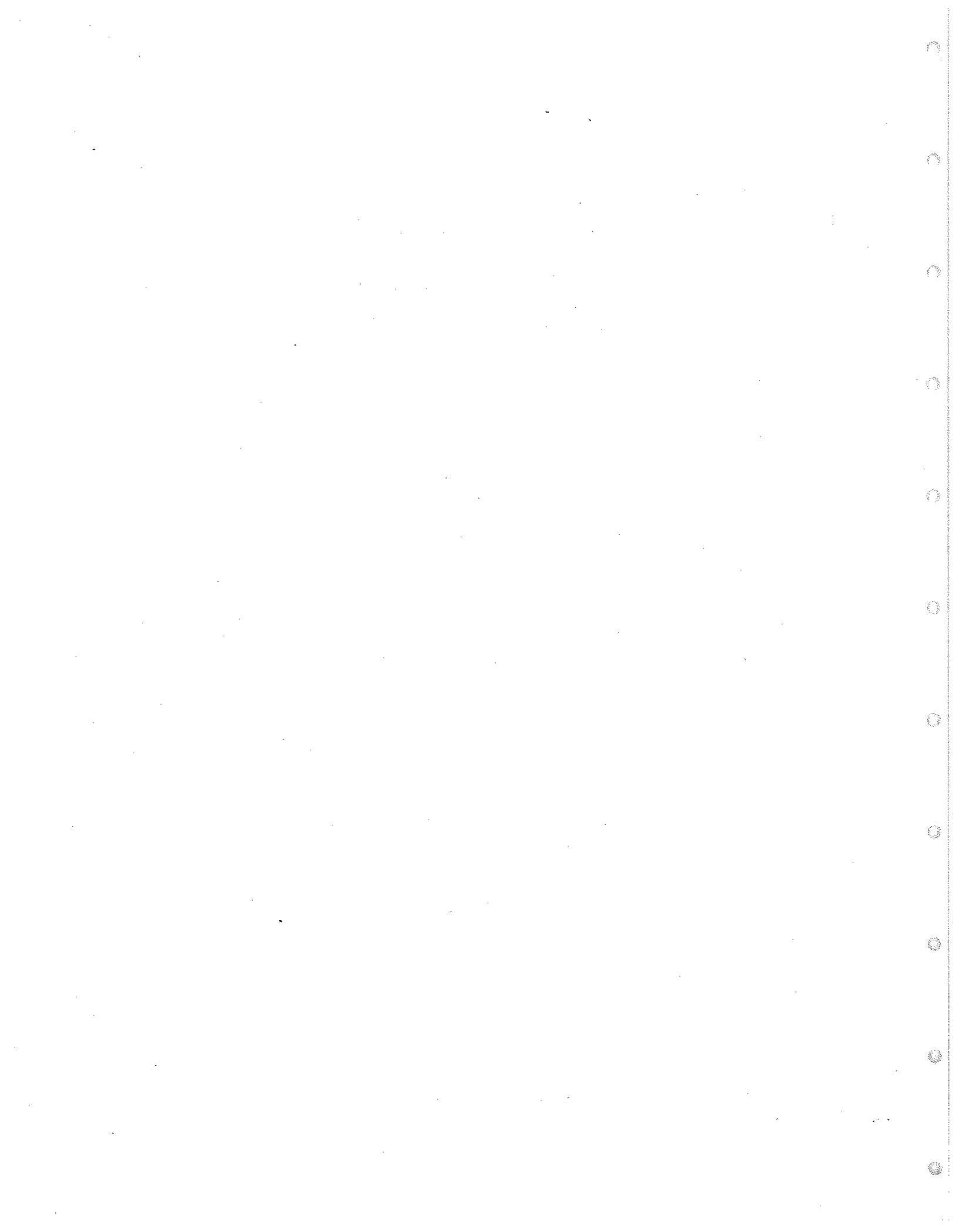
Resolution "Finding that the Council of the Town of Oceana, West Virginia, adopted an Ordinance on October 8, 1992, which Ordinance authorized the acquisition and construction of extensions, improvements and betterments to the existing sewer system of The Town of Oceana, and the financing of the costs thereof, not otherwise provided, through the issuance by The Town of Oceana of not more than \$984,110 in aggregate principal amount of Sewer Revenue Bonds; all as more fully set out therein; finding that the Council of The Town of Oceana also directed that an abstract of the Ordinance together with a notice that said Ordinance has been adopted, that The Town of Oceana contemplates the issuance of the Bonds described in the Ordinance and that any person interested may appear before the Council of The Town of Oceana upon a certain date and present protests, be published; finding that said abstract and notice have been duly published; finding that the Council of The Town of Oceana met and heard all objections and suggestions regarding whether the Ordinance should be put into effect; and ordering that Ordinance be put into effect; and providing as to the dates, maturities, interest rates, principal payment schedules, sale prices and other terms of the Bonds, designating a registrar, paying agent and depository bank, approving the loan agreement and making other provisions as to the Bonds."

WHEREAS, the Council of The Town of Oceana, West Virginia (the "Council"), on October 8, 1992, adopted an Ordinance entitled: "ORDINANCE AUTHORIZING THE REFUNDING OF THE OUTSTANDING SEWER REVENUE BONDS, DATED JULY 1, 1964, OF THE TOWN OF OCEANA, WEST VIRGINIA; AUTHORIZING THE CONSTRUCTION OF BETTERMENTS AND IMPROVEMENTS TO THE SEWER WORKS OF THE TOWN BY CONSTRUCTION OF THE TOWN OF ITS SEWER REVENUE BONDS IN THE AGGREGATE AMOUNT OF \$984,110, SERIES 1992 A AND SERIES 1992 B TO PAY THE COSTS OF SUCH REFUNDING AND CONSTRUCTION; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO," all as more fully set out therein (said Ordinance is hereinafter referred to as the "Ordinance"); and

WHEREAS, the Ordinance required that an Abstract and Notice of Hearing be published as a Class II legal advertisement and 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 the Notice of Hearing at which interested persons might appear before the Council of the Town of Oceana (the "Town") and present protests and the last publication of such Abstract and Notice was to be prior to said date set by the Resolution and the Notice of Hearing; and

WHEREAS, the Ordinance and the Notice provided for the public hearing to be held in Council Chambers at seven-thirty (7:30) p.m. on Wednesday, October 28, 1992; and

WHEREAS, the Ordinance provided for the issuance of Sewer Revenue Bonds, Series 1992 A & B (the "Bonds") of the Town in aggregate principal amount not to exceed \$984,110, all in accordance with the Act (as defined in the Ordinance), and the terms of the Loan Agreement (the "Loan Agreement") entered into between the Town and the West Virginia Water Development Authority



(the "Authority") and in the Ordinance it is provided that the dates, interest rates, maturities, sale prices and other terms of the Bonds could be finally established by a supplemental resolution and that other matters relating to the Bonds be herein provided for; and

WHEREAS, the Council of the Town deems it essential and desirable that this resolution, be adopted and that the Ordinance be put into effect, that the prices, the maturity dates, the redemption provisions, the interest rates, and the interest and principal dates of the Bonds be fixed hereby in the manner stated herein, that the Loan Agreement be approved and the terms and conditions incorporated herein, and that other matters relating to the Bonds be herein provided for.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF OCEANA, WEST VIRGINIA AS FOLLOWS:

Section 1. It is hereby found and determined:

(A) That the Abstract and Notice were duly published in a newspaper of general circulation in The Town of Oceana, noticing a public hearing at which interested persons might appear before the Council of the Town and present protests, and a copy of the affidavit of publication reflecting such publication shall be attached hereto and incorporated herein;

(B) That, in accordance with the Ordinance and the Notice, the Town Recorder has maintained in her office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office;

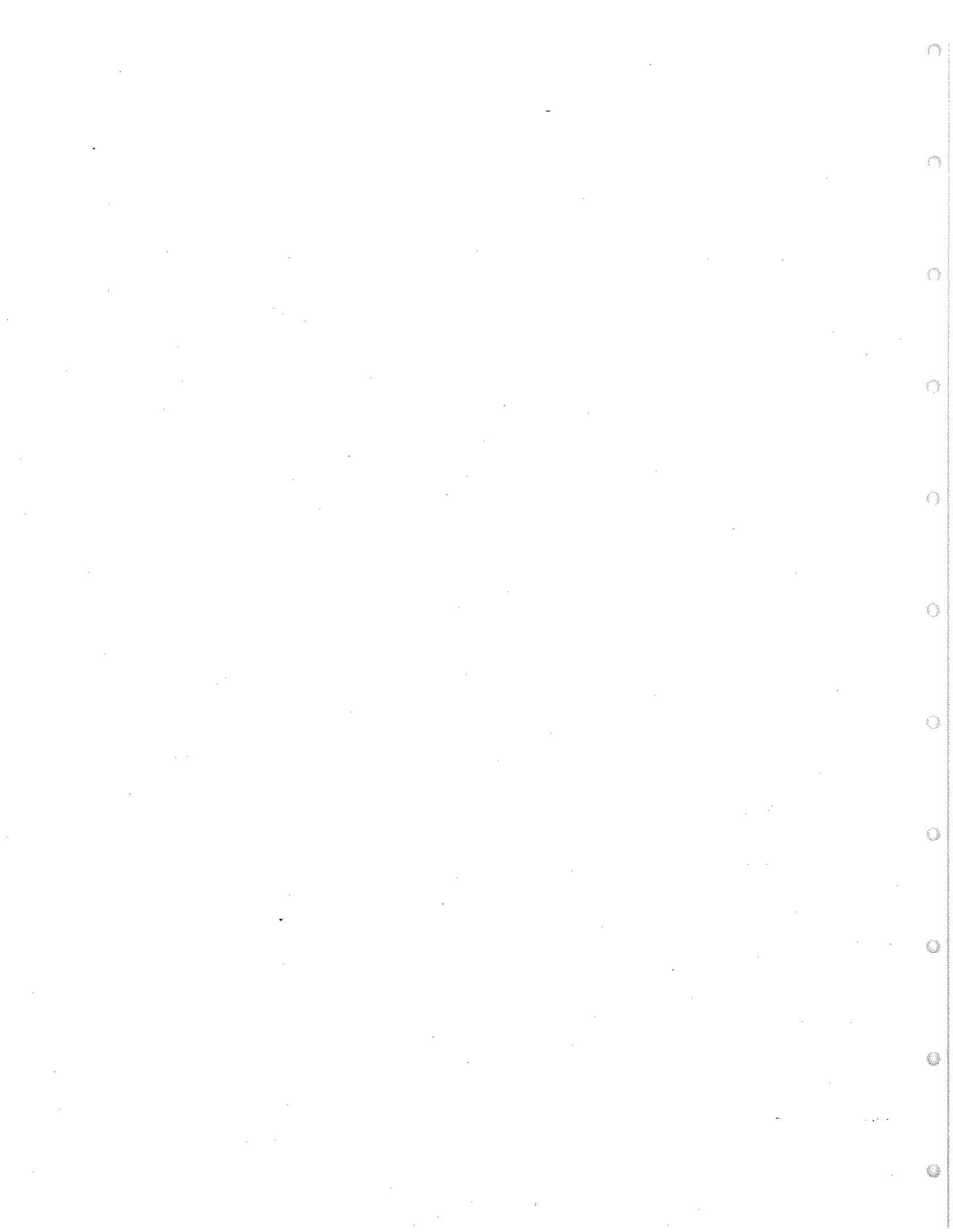
(C) That, in Council Chambers in the Town Building, Oceana, W.Va. on October 28, 1992, at seven-thirty (7:30) p.m., in accordance with the Ordinance and the Notice, the Council of the Town met for the purpose of hearing all objections and suggestions regarding whether the Ordinance should be put into effect, and heard all objections and suggestions with regard thereto;

(D) That, at such public hearing, no reasons were presented that could require modification or amendment of the Ordinance, and no written protest with regard thereto was filed by thirty percent (30%) or more of the owners of real estate situate in the Town; and

(E) That the Ordinance shall be put into effect as of the date of the public hearing and that the Bonds contemplated thereby shall be issued under the conditions provided therefor and in the Loan Agreement to be executed by the Mayor or his representative in the form attached hereto and made a part hereof.

Section 2. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there is hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1992 A & B in the aggregate principal amount of \$984,110, all in the form set forth below and in the Ordinance:

(A) The Series 1992 A Bonds of the Town shall be originally issued in the form of a single bond, numbered AR-1, in the principal amount of



\$952,364. The Series 1992 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 7.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1993, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1992 A Bonds, and shall be payable in installments of principal on October 1 of each of the years from 1993 through 2031, inclusive, and in the amounts as set forth in "Schedule X," attached to the Loan Agreement and incorporated therein by reference.

(B) The Supplemental Bonds of the Town shall be originally issued in the form of a single bond, numbered BR-1, in the principal amount of \$31,746. The Supplemental Bonds shall be dated the date of delivery thereof, shall be interest free, shall be subject to redemption upon the written consent of the Authority as long as the Authority shall be the registered owner of the Supplemental Bonds, and shall be payable in installments of principal on October 1 of each of the years from 1993 through 2031, inclusive, and in the amounts as set forth in "Schedule X," attached to the Loan Agreement and incorporated therein by reference.

(C) The Project will consist of that described in the construction engineers report and project summary filed in the Town office. The Consulting Engineers are Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia.

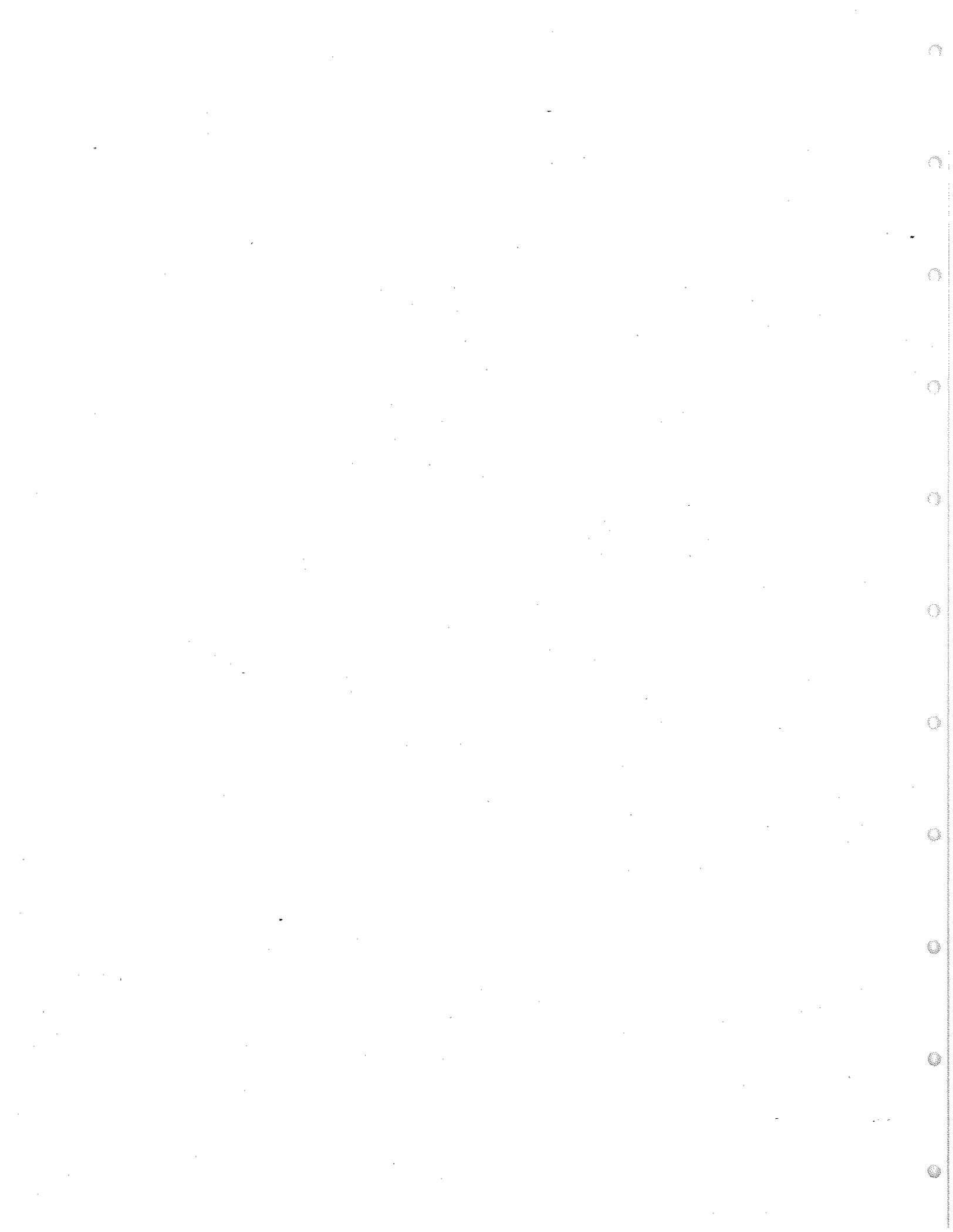
Section 3. The Town does hereby ratify, approve and accept the Loan Agreement the terms and conditions of which are incorporated herein by reference, including the "Schedules X" attached to each, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement and the performance of the obligations contained therein, on behalf of the Town have been and are hereby authorized, approved and directed.

Section 4. The Town hereby appoints and designates The Bank of Oceana, Oceana, West Virginia, as the Depository Bank for the Bond Construction Trust Fund, as provided in the Ordinance.

Section 5. The Town hereby appoints and designates One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds.

Section 6. The Town hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia as Paying Agent for the Bonds.

Section 7. The Mayor and the Town Recorder are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement and the Supplemental Loan Agreement.



Section 8. The Town shall not permit at any time or times 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 from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. It will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 9. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Town and will promote the health, welfare and safety of the residents of the Town.

Section 10. The Town hereby certifies, pursuant to Section 148(f)(4)(C) of the Code, that it does not reasonably expect to issue more than \$5,000,000 in bonds during calendar year 1992, and on the date of issuance of the Series 1992 Bonds, the Town shall certify that:

(i) the issue is issued by a governmental unit with general taxing powers,

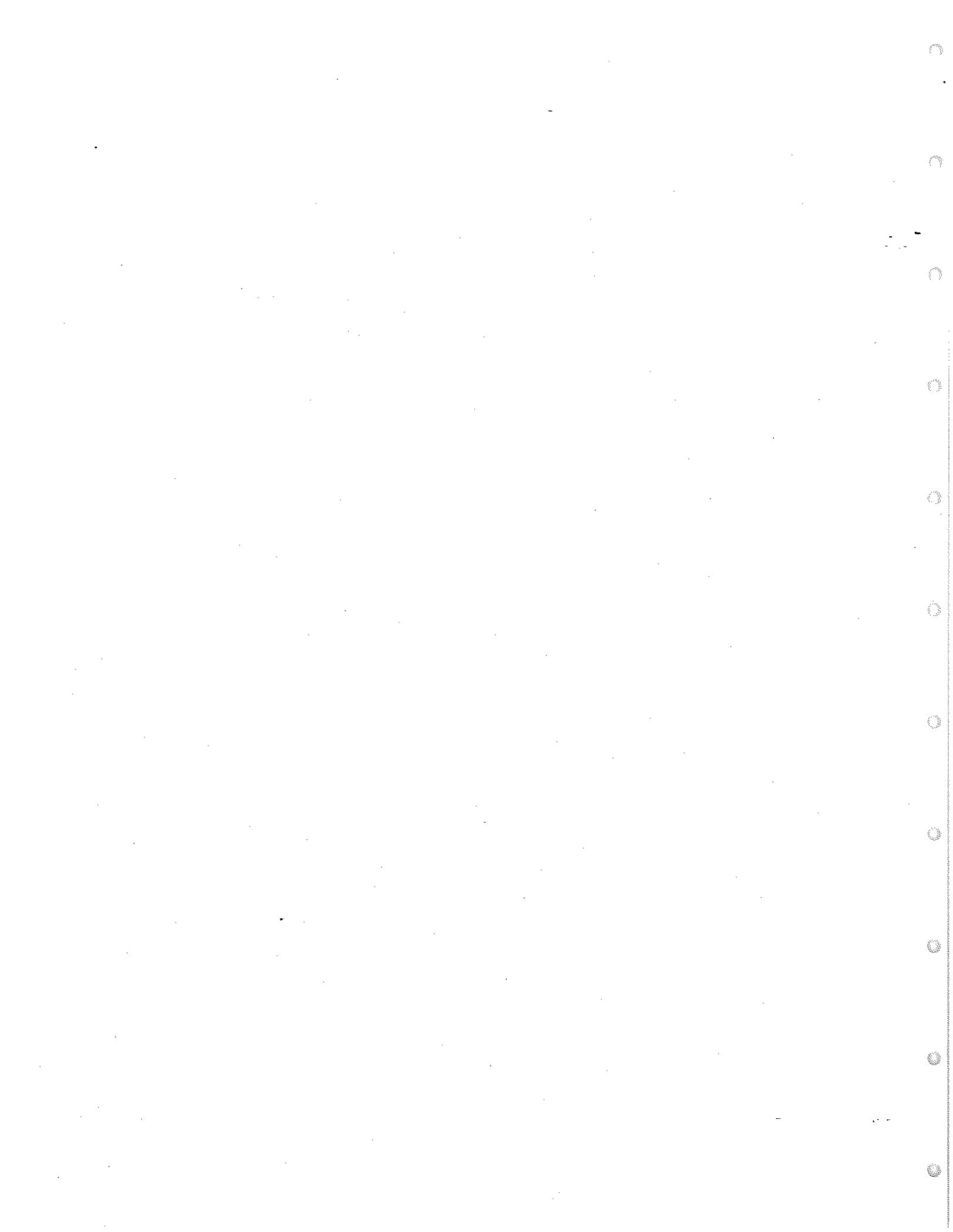
(ii) no bond which is part of such issue is a private activity bond,

(iii) 95 percent or more of the net proceeds of such issue are to be used for local governmental activities of the Town (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Town), and

(iv) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by such unit during the calendar year in which such issue is issued is not reasonably expected to exceed \$5,000,000.

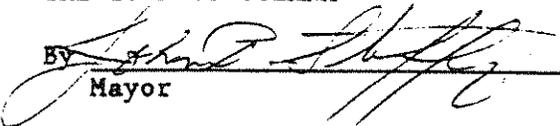
Section 11. Upon completion of acquisition and construction of the Project, the Town will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1992 B Bonds to the Town for payment in an amount equal to such excess to the extent such excess is lawfully available therefor.

Section 12. This Supplemental Resolution shall be effective immediately upon adoption.

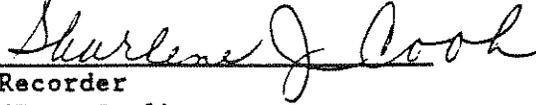


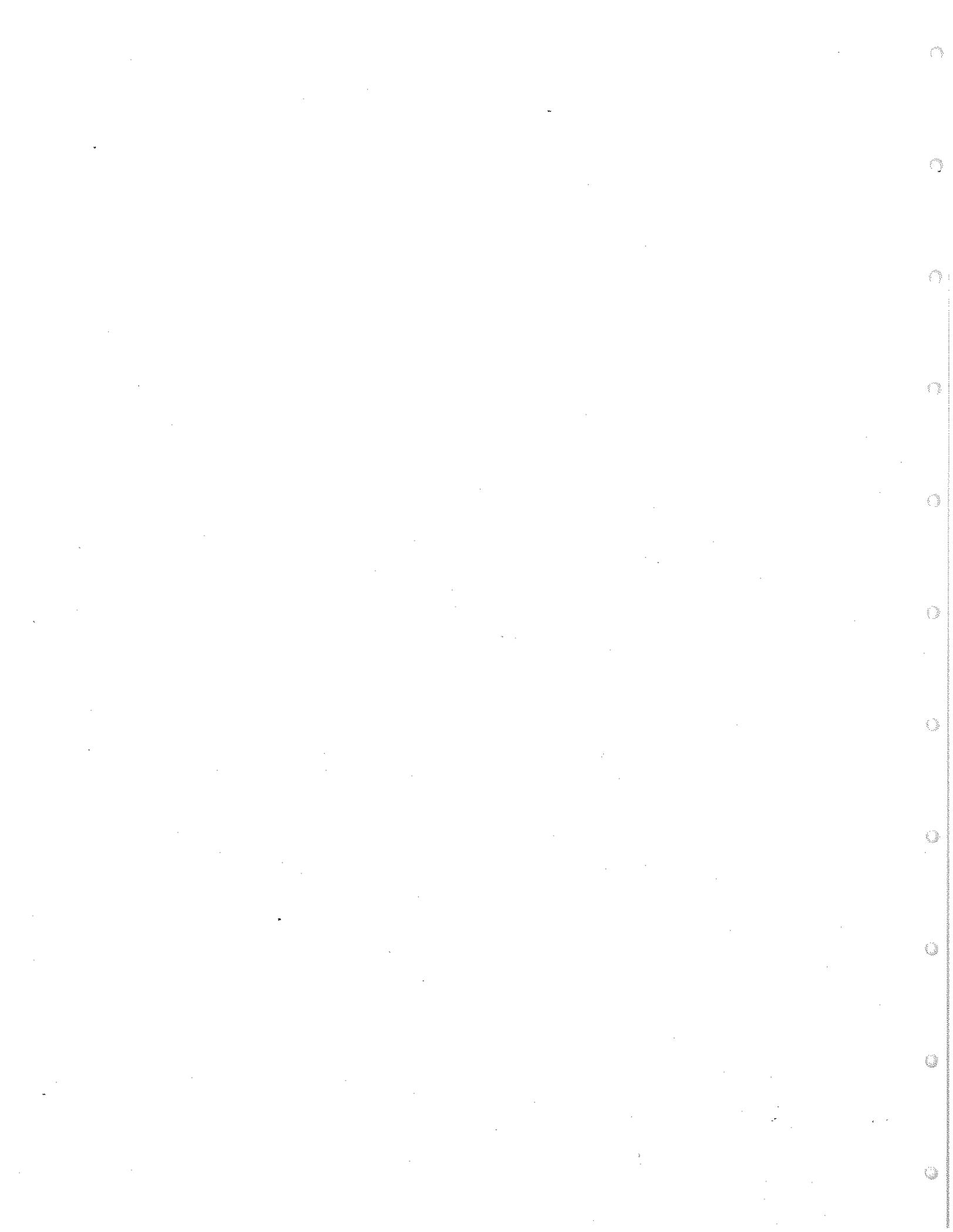
1992. Motion Made and Unanimously Approved on the 28th day of October,

THE TOWN OF OCEANA

BY   
Mayor

Attest:

  
Recorder  
(Town Seal)





State of West Virginia  
**WATER DEVELOPMENT AUTHORITY**

180 Association Drive, Charleston, WV 25311-1571  
(304) 558-3612 - (304) 558-0299 (Fax)  
Internet: [www.wvwda.org](http://www.wvwda.org) - Email: [contact@wvwda.org](mailto:contact@wvwda.org)

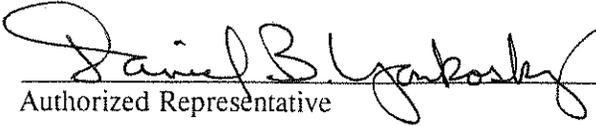
June 21, 2000

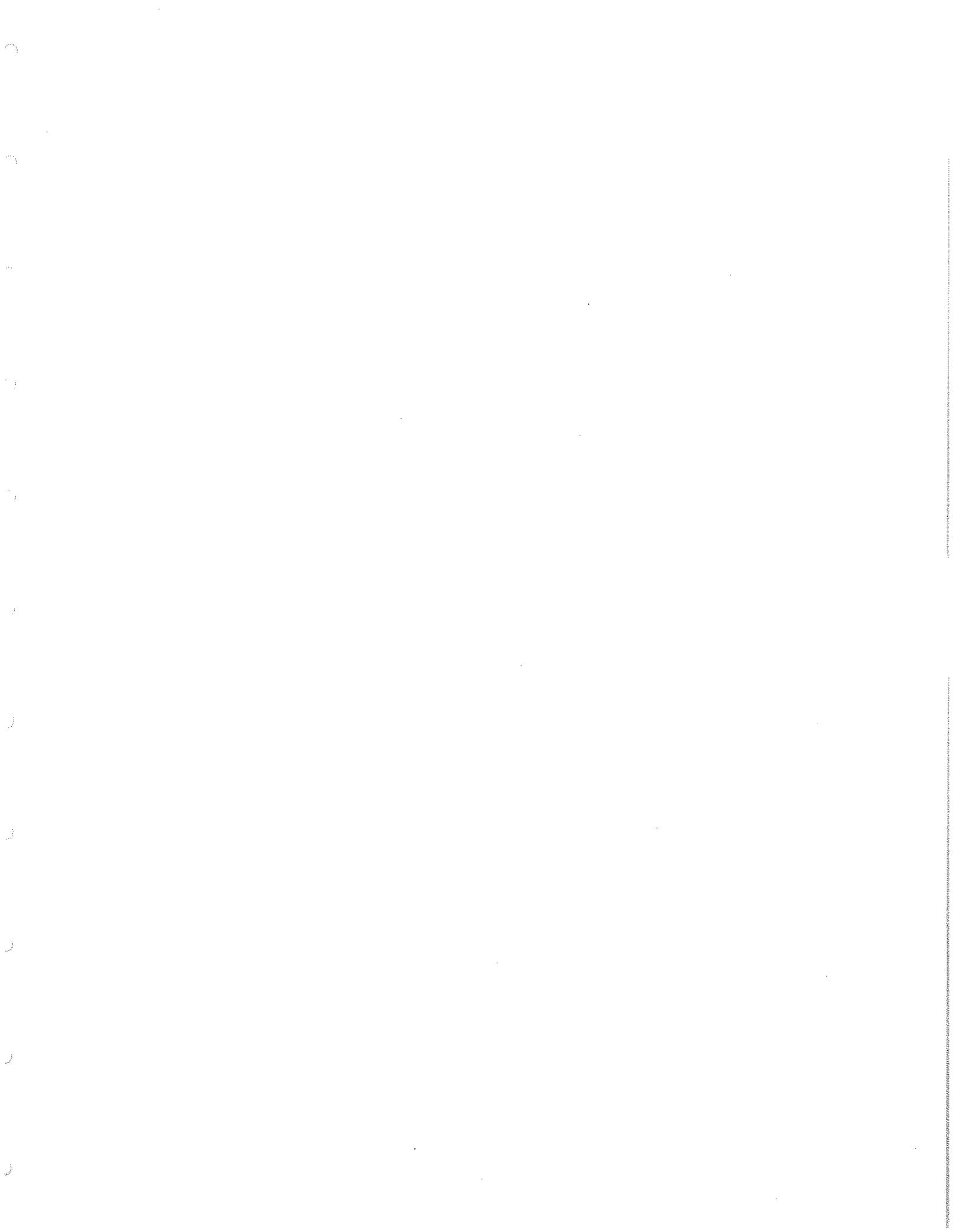
Town of Oceana  
Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant of the Issuer, the undersigned duly authorized representative for West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amounts of the Series 1992 A Bonds and the Series 1992 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), in the respective original aggregate principal amounts of \$5,364,000 and \$7,273,000 by the Town of Oceana (the "Issuer"), under the terms of the ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 1992 A (the "Series 1992 A Bonds") and senior and prior, with respect to liens, pledge and source of and security for payment, to the Issuer's outstanding Sewer Revenue Bonds, Series 1992 B (the "Series 1992 B Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

  
Authorized Representative



IC-2  
(4/4/00)

## GRANT AGREEMENT

This Grant Agreement entered into as of the 16th day of June, 2000, between the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Town of Oceana, West Virginia (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 \$175,000 (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.

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 Council and the Authority.

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 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.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. 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.

8. 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 OCEANA

By: John P. Staff  
Its: Mayor

Date: 5-26-2000

SEAL

ATTEST

Sharon J. Cook  
Its: Recorder

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

By: James B. Lyuboshyn  
Its: Director

Date: May 25, 2000

SEAL

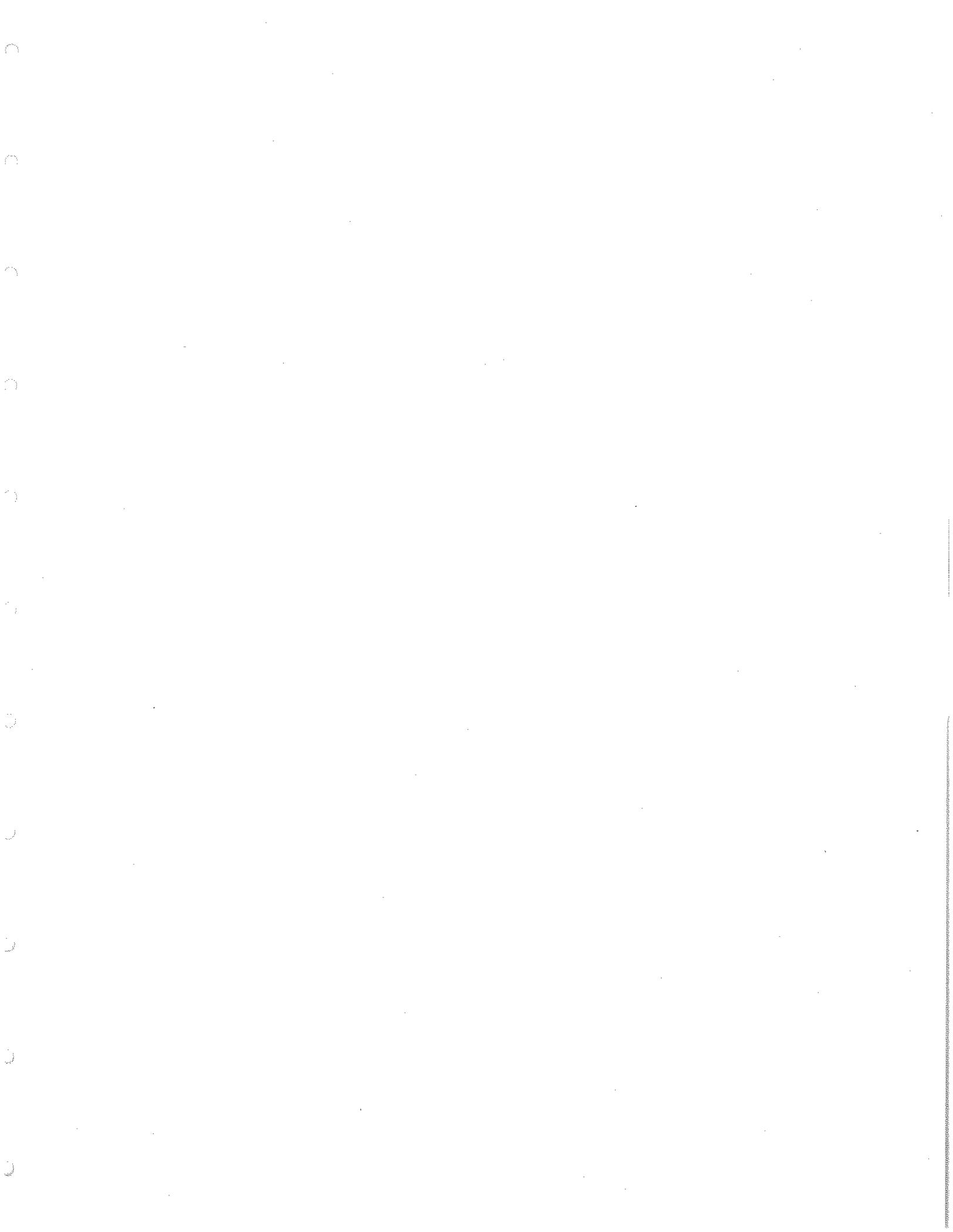
ATTEST

Barbara B. Meadows  
Its: Secretary-Treasurer

Exhibit A

Project Description

The Project consists of replacement of existing wastewater treatment plant and a sewer extension to Lillyhaven, Lillydale, Southern Oceana and Kopperston's Upper and Lower Camp.



Town of Oceana  
Sewer Revenue Bonds,  
Series 2000 A (West Virginia SRF Program) and  
Series 2000 B (West Virginia Infrastructure Fund)

RECEIPT OF PAYMENT

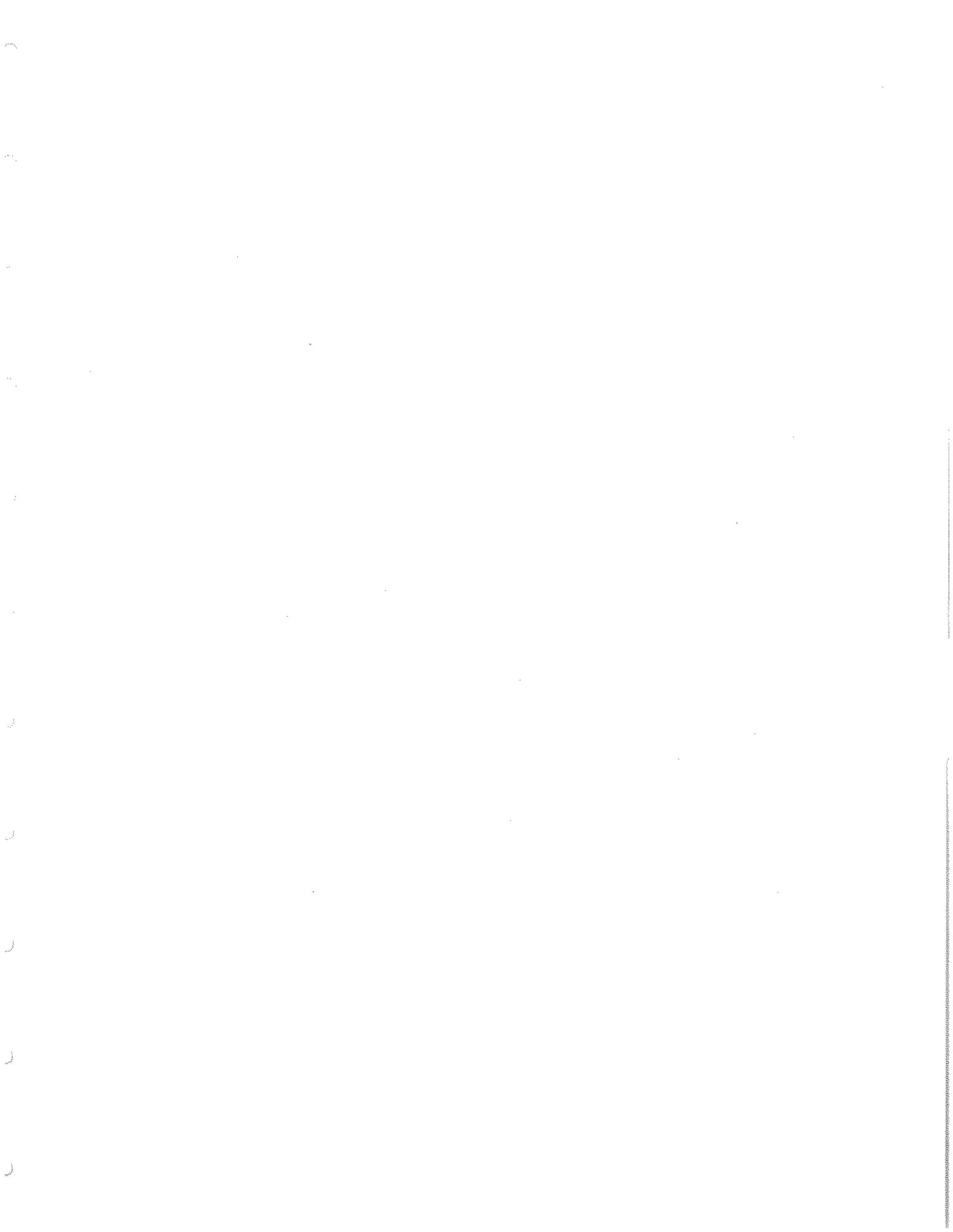
The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Sewerage System Design Revenue Bonds, Series 1996 A (West Virginia SRF Program) (the "Bonds"), of the Town of Oceana (the "Issuer"), dated August 20, 1996, issued in the original aggregate principal amount of \$556,000, bearing interest at the rate of 2% per annum and an Administrative Fee of 1%, hereby certifies that it has received the sum of \$488,230 from the Issuer and that such sum is sufficient to pay in full the entire outstanding principal amount of, interest on and the administrative fee of the Bonds to the date hereof and discharge the liens, pledges and encumbrances securing the Bonds.

Dated this 21st day of June, 2000.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

Barbara B Meadows  
Authorized Representative

06/06/00  
668000/97001



# MEMORANDUM

**To:** Financing Team

**From:** John C. Stump, Esquire

**Date:** June 22, 2000

**Re:** Closing Memo - Town of Oceana Sewer Revenue Bonds, Series 2000 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)

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## 1. DISBURSEMENTS TO TOWN OF OCEANA

- A. Payor: West Virginia Division of Environmental Protection (West Virginia SRF Program)  
Amount: \$268,200  
Form: Check  
Payee: Town of Oceana  
Contact: Rosalie Brodersen
- B. Payor: West Virginia Infrastructure and Jobs Development Council  
Amount: \$746,022  
Form: Check  
Payee: Town of Oceana  
Contact: Katy Mallory, P.E.

## 2. DISBURSEMENTS BY TOWN OF OCEANA FROM BOND PROCEEDS

Source: Series 2000 A Bond Proceeds (West Virginia SRF Program)  
Amount: \$488,230  
Form: Check  
Payee: West Virginia Municipal Bond Commission  
Memo: Pay-off of Series 1996 A Bonds

06/21/00  
668000/97001