CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(West Virginia Infrastructure Fund)

DATE OF CLOSING: AUGUST 22, 2006

BONDS TRANSCRIPT

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CITY OF PARSONS

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CITY OF PARSONS

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

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CITY OF PARSONS

CONFORMED BOND ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF PARSONS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO 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 CITY OF PARSONS:

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 8, Article 20 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 City of Parsons (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Tucker County of said State.

B. The Issuer presently owns and operates a public combined waterworks and 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 extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the replacement of the existing 600,000 gallon clearwell water storage tank, the removal of and legal disposing of all the asbestos cement roof panels; the removal of and legal disposal of all asbestos contaminated soil around the perimeter of the clearwell tank; the demolition of the existing water storage tank's roof structure and fill the existing tank with approximately 3,800 cubic yards of fill; and the construction of a new 576,000 gallon water storage reservoir complete with a new valve vault and all necessary tie-ins to the existing water system, the addition of filter to waste piping and a new backwash pump station, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto 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 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"),which administers the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council") which the Authority administers pursuant to the Act, and a grant from the Council.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than $600,000 (the "Series 2006 A Bonds"), to be initially represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. 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, if any, upon the Series 2006 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2006 A Bonds Reserve Account (as hereinafter defined); 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, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2006 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of 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 2006 A 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 its Series 2006 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority on behalf of the Council, in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $269,103 (the "Series 1989 A Bonds"); and (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority), dated May 8, 1996, issued in the original aggregate principal amount of $457,500 (the "Series 1996 Bonds"). The Series 1989 A Bonds and the Series 1996 Bonds are hereinafter collectively called the "First Lien Bonds."

There are outstanding obligations of the Issuer which will rank junior and subordinate to the Series 2006 A Bonds as to liens, pledge of and security for payment, being the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $39,891 (the "Series 1989 B Bonds" and, collectively with the First Lien Bonds, the "Prior Bonds").

The Series 2006 A Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2006 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2006 A Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holder of the Series 1989 B Bonds to the issuance of the Series 2006 A Bonds senior and prior to the Series 1989 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. 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, the principal of and interest on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances (as hereinafter defined).

I. 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 and issuance of the Series 2006 A 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 West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council pursuant to 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 2006 A 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 Bonds, all 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 8, Article 20 and Chapter 31, Article 15A 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 2006 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"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 2006 A 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 2006 A Bonds for all or a portion of the proceeds of the Series 2006 A 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.

"Consulting Engineers" means Thrasher Engineering, Inc., Clarksburg, 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 acquisition and construction of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

"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.

"First Lien Bonds" means, collectively, the Series 1989 A Bonds and the Series 1996 Bonds.

"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.

"Grant" means the grant from the West Virginia Infrastructure and Jobs Development Council, currently in the amount of $454,300.

"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 Revenue" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualifies 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" 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 City of Parsons, a municipal corporation and political subdivision of the State of West Virginia, in Tucker County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means 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 2006 A Bonds, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2006 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2006 A Bonds Reserve Account.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction only 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" means the reasonable, proper and necessary costs of repair, operation and maintenance 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 or Paying Agents, payments to the pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principals; provided, that "Operating Expenses" does not include payments on account of principal of or redemption, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of the 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 cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or any Prior Bond for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust 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 any Prior Bond, any Bond or any Prior Bond 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 such other entity or authority as may be designated as a Paying Agent for the Series 2006 A Bonds by the Issuer in the Supplemental Resolution with the written consent of the Authority and the Council.

"Prior Bonds" means, collectively, the Series 1989 A Bonds, the Series 1989 B Bonds and the Series 1996 Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted November 22, 1989, authorizing the Series 1989 A Bonds and the Series 1989 B Bonds, and the ordinance of the Issuer enacted May 8, 1996, authorizing the Series 1996 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, all as determined by the Code.

"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, or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above, or fully insured by FDIC with member banks of the Federal Reserve System or 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 Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended including, without limitation, authorized pools of investments operated by such State Board of Investments.

(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.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2006 A Bonds and the Prior Bonds.

"Reserve Requirement" means collectively, the respective amounts required to be on deposit in any Reserve Account.

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

"Series 1989 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $269,103.

"Series 1989 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $39,891.

"Series 1996 Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority), dated May 8, 1996, issued in the original aggregate principal amount of $457,500.

"Series 2006 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 2006 A Bonds Construction Trust Fund" means the Series 2006 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2006 A Bonds Reserve Account" means the Series 2006 A Bonds Reserve Account established in the Series 2006 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2006 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 2006 A Bonds in the then current or any succeeding year.

"Series 2006 A Bonds Sinking Fund" means the Series 2006 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2006 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2006 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2006 A Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means the existing combined waterworks and sewerage system of the Issuer, as expanded and improved by the Project, and includes the complete waterworks and sewerage system of the Issuer and all waterworks and sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the combined waterworks and sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the combined waterworks and sewerage system after the completion of the Project.

"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

Section 2.01. Authorization of the Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of not to exceed $908,600, which will be paid from proceeds of the Series 2006 A Bonds, 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 2006 A 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 in an amount compatible with the financing plan submitted to the Council and the Authority.

The cost of the project is estimated not to exceed $908,600 of which not more than $454,300 will be obtained from the proceeds of the 2006 A Bonds and approximately $454,300 will be obtained from a grant from the Council.

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 paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2006 A Bonds of the Issuer. The Series 2006 A Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bond, Series 2006 A (West Virginia Infrastructure Fund)", in the principal amount of not more than $600,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2006 A Bonds remaining after funding of the Series 2006 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2006 A Bonds, if any, shall be deposited in or credited to the Series 2006 A Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2006 A 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 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 2006 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2006 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2006 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2006 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2006 A 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 have such terms as specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2006 A 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 2006 A Bonds shall cease to be such officer of the Issuer before the Series 2006 A 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 2006 A 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 2006 A 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 2006 A 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 2006 A 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 2006 A 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 2006 A 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 2006 A 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 2006 A Bonds or transferring the registered Series 2006 A Bonds are exercised, all Series 2006 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2006 A

Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2006 A 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 2006 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2006 A Bonds or, in the case of any proposed redemption of Series 2006 A 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 2006 A 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 cancelled 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 2006 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 2006 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the First Lien Bonds and senior and prior to the Series 1989 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2006 A Bonds and the Prior Bonds and to make all other payments hereinafter set forth, 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 2006 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2006 A 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 2006 A 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 2006 A 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 2006 A Bonds.

Section 3.10. Form of Series 2006 A Bonds. The text of the Series 2006 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2006 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF PARSONS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2006 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ___ day of ___ __, 2006, the CITY OF PARSONS, a municipal corporation and political subdivision of the State of West Virginia in Tucker 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, 200__, 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 _____, 2006.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 _____, 2006, and a Supplemental Resolution duly adopted by the Issuer on _____, 2006 (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) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 22, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $269,103; AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MAY 8, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $457,500 (COLLECTIVELY, THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 22, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $39,891 (THE "SERIES 1989 B BONDS" AND, COLLECTIVELY WITH THE FIRST LIEN BONDS, 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 operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the pledge of Net Revenues in favor of the Holders of the Series 1989 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2006 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay 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, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2006 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 on a parity with, or subordinate to, the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2006 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 on a parity with, or subordinate to, the Bonds, including 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 the 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 monies, 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 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 CITY OF PARSONS has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2006 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: _____, 2006.

THE HUNTINGTON NATIONAL BANK,
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 2006 A 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 and all schedules and exhibits attached thereto are hereby approved and ratified and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Council and the Authority a schedule for the Series 2006 A Bonds, the form of which will be provided by the Authority 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 and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Renewal and Replacement Fund (established by the Prior Ordinances); and

(3) Series 2006 A 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 and the Issuer and from each other:

(1) Series 2006 A Bonds Sinking Fund; and

(2) Series 2006 A 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 in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and in the Prior Ordinances 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 this Bond Legislation and in the Prior Ordinances. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit the interest payments on the respective First Lien Bonds, as required by the Prior Ordinances; and (ii) simultaneously remit to the Commission, commencing 3 months prior to the first date of payment of interest on the Series 2006 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2006 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing quarterly interest

payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit the principal payments on the respective First Lien Bonds, as required by the Prior Ordinances; and (ii) simultaneously remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2006 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 2006 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.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit for deposit in the respective reserve accounts for the First Lien Bonds, the amounts required by the Prior Ordinances to be deposited therein; and (ii) simultaneously remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2006 A Bonds, if not fully funded upon issuance of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2006 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2006 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 2006 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, from the monies remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum 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 monies 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 principal payments on the Series 1989 B Bonds, as required by the Prior Ordinances.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the reserve account for the Series 1989 B Bonds, the amount required by the Prior Ordinances to be deposited therein.

Monies in the Series 2006 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2006 A Bonds as the same shall become due. Monies in the Series 2006 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2006 A Bonds as the same shall come due, when other monies in the Series 2006 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2006 A Bonds Sinking Fund and the Series 2006 A 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 Series 2006 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2006 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2006 A Bonds Reserve Account which result in a reduction in the balance of the Series 2006 A Bonds Reserve Account to below the Series 2006 A Bonds Reserve Requirement 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 2006 A 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 respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2006 A Bonds Sinking Fund, or the Series 2006 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2006 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and Series 2006 A Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2006 A Bonds Sinking Fund and the Series 2006 A 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

B. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement as Exhibit F, 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.

C. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2006 A 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.

D. 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, fees and expenses 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.

E. The monies in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

F. 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.

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2006 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2006 A Bonds, there shall first be deposited with the Commission in the Series 2006 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2006 A Bonds for the period commencing on the date of issuance of the Series 2006 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2006 A Bonds, there shall be deposited with the Commission in the Series 2006 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2006 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2006 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2006 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 2006 A Bonds.

D. 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 2006 A Bonds shall be expended as directed by the Council..

Section 6.02. Disbursements of Bond Proceeds. 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 for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2006 A Bonds from the Series 2006 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:

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

(2) 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;

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

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

Pending such application, monies in the Series 2006 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2006 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer, if applicable.

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 2006 A 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 2006 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2006 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2006 A Bonds shall not be nor constitute a corporate 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 Series 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 A 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 2006 A Bonds shall be secured 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 First Lien Bonds and senior and prior to the lien on the Net Revenue in favor of the Holders of the Series 1989 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2006 A 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 of the facilities of the System shall be as set forth in the water rate ordinance duly enacted on January 17, 2006, and the sewer rate ordinance duly enacted on February 21, 2006, as amended by Commission Order entered on August 1, 2006, by the Public Service Commission of West Virginia in Case number 06-0288-S-MA, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2006 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in 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 2006 A 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 and with the written consent of the Authority and the Council.

So long as the Series 2006 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2006 A Bonds, immediately be remitted to the Commission for deposit in the Series 2006 A Bonds Sinking Fund, 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 immediately apply such proceeds to the payment of principal of and interest on the Series 2006 A Bonds. Any balance remaining after the payment of all the Series 2006 A 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, in writing, 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 Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds 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 be deposited in the Renewal and Replacement Fund.

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 7.07 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 2006 A Bonds and the First Lien Bonds. All obligations issued by the Issuer after the issuance of the Series 2006 A 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 2006 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or 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.

The Issuer shall give the Authority 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 System, 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 additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2006 Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

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 any outstanding Bonds, 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 Independent Certified

Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment 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 additional 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, if any, shall not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances and this Bond Legislation then Outstanding; and

(3) The additional 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 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 date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, 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 has expired (without successful appeal) prior to the issuance of such Parity Bonds.

All covenants and other provisions of this Ordinance (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 theretofore or 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 account created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

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 liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinances, shall have been made in full as required to the date of issuance of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinances.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority 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 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.

The Issuer shall permit the Authority 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 Governing Body shall direct.

The Issuer shall file with the Council and the Authority, or any other original purchaser of the Series 2006 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2006 A Bonds, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations.

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 in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2006 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2006 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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 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 and commencement of operation of the Project, the Issuer shall also provide the Authority 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 and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Ordinances. Prior to the issuance of the

Series 2006 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules 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 and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, 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 or schedules 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 on the Series 2006 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2006 A Bonds including the Prior Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Series 2006 A Bonds Reserve Account and any reserve accounts for obligations on a parity with, or subordinate to, the Series 2006 A Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2006 A 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.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

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 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 mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the Council or 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 within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and on 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 and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will 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 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.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Council, the Authority 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 employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and 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 Board 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 the System or the water 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. If the water system is 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 thereof.

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 2006 A 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

the 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 OR COMPLETION 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, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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 Council. 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 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 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 20-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.

Section 7.17. Completion of Project; Permits and Orders. The Issuer will 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 will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2006 A Bonds required by State law, with all 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 will provide the Council with copies of all documents submitted to the Authority. The Issuer agrees to comply with all applicable laws, rules and regulations issued by the Authority, 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. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2006 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2006 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Securities Laws Compliance. The Issuer will 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 2006 A 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 Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2006 A Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2006 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Council and the Authority 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

INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies 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 monies 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 monies 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 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate 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 2006 A Bonds as a condition to issuance of the Series 2006 A 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 2006 A Bonds as may be necessary in order to maintain the status of the Series 2006 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2006 A Bonds which would cause any bonds, the interest, if any, on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the

Council, as the case may be, from which the proceeds of the Series 2006 A 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 or the Council, 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 Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2006 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2006 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2006 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its respective part relating to the Series 2006 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2006 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the 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 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 the Series 2006 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2006 A Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2006 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2006 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2006 A Bonds shall be on a parity with the Holders of the First Lien Bonds and senior and prior to the Series 1989 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 the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, 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 2006 A Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2006 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2006 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2006 A 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 rights of Registered Owners of the Series 2006 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2006 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2006 A 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 out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2006 A 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 2006 A 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 2006 A Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. 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 Parsons Advocate*, a newspaper published and of general circulation in the City of Parsons, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2006 A 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:	July 11, 2006
Passed on Second Reading:	July 18, 2006
Passed on Final Reading Following Public Hearing:	August 1, 2006

Charley W. Roman
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF PARSONS on the 1st day of August, 2006.

Dated: August 22, 2006.

[SEAL]

Lois J. Lambert
Recorder

08.03.06
689010.00003

CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(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 COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF PARSONS; RATIFYING AND APPROVING A 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; APPROVING A CONFORMED BOND ORDINANCE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the City of Parsons (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective August 1, 2006 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF PARSONS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM

REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO 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 the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, in the aggregate principal amount not to exceed $600,000 (the "Bonds" or the Series 2006 A Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 8, Article 20 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 entered into by the Issuer, that the exact principal amount, the

date, the maturity date, the redemption provisions, 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 CITY OF PARSONS:

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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $454,300. The Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2046, and shall bear no interest. The principal of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2007, and maturing June 1, 2046, 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 Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of a redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the 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 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 The Huntington National Bank, 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 Mountain Valley Bank, N.A., Parsons, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2006 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2006 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2006 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2006 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 2006 A Bonds Construction Trust Fund as received from the Council from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments 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 August 22, 2006, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all monies 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 monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2006 A Bonds Sinking Fund, including the Series 2006 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer hereby approves the Conformed Bond Ordinance attached hereto as Exhibit A.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 18th day of August, 2006.

Charles W. Roeran

Mayor

CH823542.3

EXHIBIT A

CONFORMED BOND ORDINANCE

CITY OF PARSONS

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

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CITY OF PARSONS

CONFORMED BOND ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF PARSONS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO 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 CITY OF PARSONS:

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 8, Article 20 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 City of Parsons (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Tucker County of said State.

B. The Issuer presently owns and operates a public combined waterworks and 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 extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the replacement of the existing 600,000 gallon clearwell water storage tank, the removal of and legal disposing of all the asbestos cement roof panels; the removal of and legal disposal of all asbestos contaminated soil around the perimeter of the clearwell tank; the demolition of the existing water storage tank's roof structure and fill the existing tank with approximately 3,800 cubic yards of fill; and the construction of a new 576,000 gallon water storage reservoir complete with a new valve vault and all necessary tie-ins to the existing water system, the addition of filter to waste piping and a new backwash pump station, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto 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 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"),which administers the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council") which the Authority administers pursuant to the Act, and a grant from the Council.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than $600,000 (the "Series 2006 A Bonds"), to be initially represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. 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, if any, upon the Series 2006 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2006 A Bonds Reserve Account (as hereinafter defined); 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, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2006 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of 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 2006 A 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 its Series 2006 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority on behalf of the Council, in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

G. ~~The Bondholder of the Series 1989 A Bonds, Series 1989 B Bonds and Series 1996 Bonds, as hereinafter defined, has requested, and the Issuer has agreed that the Series 1989 A Bonds, Series 1989 B Bonds and Series 1996 Bonds shall be modified so as to have a first lien on the System and the Revenues therefrom.~~

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $269,103 (the "Series 1989 A Bonds"); ~~(2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $39,891 (the "Series 1989 B Bonds");~~ and (~~3~~2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority), dated May 8, 1996, issued in the original aggregate principal amount of $457,500 (the "Series 1996 Bonds"). The Series 1989 A Bonds~~, the Series 1989 B Bonds~~ and the Series 1996 Bonds are hereinafter collectively called the "First Lien Bonds."

There are outstanding obligations of the Issuer which will rank junior and subordinate to the Series 2006 A Bonds as to liens, pledge of and security for payment, being the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $39,891 (the "Series 1989 B Bonds" and, collectively with the First Lien Bonds, the "Prior Bonds").[2]

The Series 2006 A Bonds shall be issued on a parity with the ~~Prior~~First Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2006 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the ~~Prior~~First Lien Bonds have been met~~and~~; (ii) the written consent of the Holders of the ~~Prior~~First Lien Bonds to the issuance of the Series 2006 A Bonds on a parity with the ~~P~~First Lien Bonds; and (iii) the written consent of the Holder of the Series 1989 B Bonds to the issuance of the Series 2006 A Bonds senior and prior to the Series 1989 B Bonds. Other

than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. 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, the principal of and interest on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances (as hereinafter defined).

I. 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 and issuance of the Series 2006 A 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 West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of 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 2006 A Bonds or such final order will not be subject to appeal~~.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council pursuant to 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 2006 A 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 Bonds, all 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 8, Article 20 and Chapter 31, Article 15A 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 2006 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"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 2006 A 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 2006 A Bonds for all or a portion of the proceeds of the Series 2006 A 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.

"Consulting Engineers" means Thrasher ~~Environmental~~Engineering, Inc., Clarksburg, 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 acquisition and construction of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

"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.

"First Lien Bonds" means, collectively, the Series 1989 A Bonds and the Series 1996 Bonds.

"Governing Body" means the ~~City~~ 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.

"Grant" means ~~all monies received by the Issuer on account of any Grant~~the grant from the West Virginia Infrastructure and Jobs Development Council, currently in the amount of $454,300.

"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 rRevenue" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualifies 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" 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 City of Parsons, a municipal corporation and political subdivision of the State of West Virginia, in Tucker County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means 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 2006 A Bonds, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2006 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2006 A Bonds Reserve Account.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction only 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" means the reasonable, proper and necessary costs of repair, operation and maintenance 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 or Paying Agents, payments to the pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principals; provided, that "Operating Expenses" does not include payments on account of principal of or redemption, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of the 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 cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or any Prior Bond for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust 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 any Prior Bond, any Bond or any Prior Bond 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 such other entity or authority as may be designated as a Paying Agent for the Series 2006 A Bonds by the Issuer in the Supplemental Resolution with the written consent of the Authority and the Council.

"Prior Bonds" means, collectively, the Series 1989 A Bonds, the Series 1989 B Bonds and the Series 1996 Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted November 22, 1989, authorizing the Series 1989 A Bonds and the Series 1989 B Bonds, and the ordinance of the Issuer enacted May 8, 1996, authorizing the Series 1996 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, all as determined by the Code.

"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, or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above, or fully insured by FDIC with member banks of the Federal Reserve System or 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~~Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended including, without limitation, authorized pools of investments operated by such State Board of Investments.

(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.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2006 A Bonds and the Prior Bonds.

"Reserve Requirement" means collectively, the respective amounts required to be on deposit in any Reserve Account.

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

"Series 1989 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $269,103.

"Series 1989 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $39,891.

"Series 1996 Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development

Authority), dated May 8, 1996, issued in the original aggregate principal amount of $457,500.

"Series 2006 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 2006 A Bonds Construction Trust Fund" means the Series 2006 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2006 A Bonds Reserve Account" means the Series 2006 A Bonds Reserve Account established in the Series 2006 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2006 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 2006 A Bonds in the then current or any succeeding year.

"Series 2006 A Bonds Sinking Fund" means the Series 2006 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2006 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2006 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2006 A Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means the existing combined waterworks and sewerage system of the Issuer, as expanded and improved by the Project, and includes the complete waterworks and sewerage system of the Issuer and all waterworks and sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the combined waterworks and sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the combined waterworks and sewerage system after the completion of the Project.

"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

Section 2.01. Authorization of the Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of not to exceed ~~$655,000~~$908,600, which will be paid from proceeds of the Series 2006 A Bonds, 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 2006 A 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 in an amount compatible with the financing plan submitted to the Council and the Authority.

The cost of the project is estimated not to exceed ~~$655,000~~$908,600 of which not more than ~~$360,000~~$454,300 will be obtained from the proceeds of the 2006 A Bonds and approximately ~~$295~~$454,~~000~~300 will be obtained from a grant from the Council.

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 2006 A Bonds, if any, funding the Series 2006 A Bonds Reserve Account,~~ paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2006 A Bonds of the Issuer. The Series 2006 A Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bond, Series 2006 A (West Virginia Infrastructure Fund)", in the principal amount of not more than $600,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2006 A Bonds remaining after funding of the Series 2006 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2006 A Bonds, if any, shall be deposited in or credited to the Series 2006 A Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2006 A 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 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 2006 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2006 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2006 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2006 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2006 A 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 have such terms as specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2006 A 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 2006 A Bonds shall cease to be such officer of the Issuer before the Series 2006 A 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 2006 A 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 2006 A 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 2006 A 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 2006 A 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 2006 A 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 2006 A 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 2006 A 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 2006 A Bonds or transferring the registered Series 2006 A Bonds are exercised, all Series 2006 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2006 A

Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2006 A 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 2006 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2006 A Bonds or, in the case of any proposed redemption of Series 2006 A 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 2006 A 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 cancelled 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 2006 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 2006 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the ~~P~~First Lien Bonds and senior and prior to the Series 1989 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2006 A Bonds and the Prior Bonds and to make all other payments hereinafter set forth, 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 2006 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2006 A 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 2006 A 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 2006 A 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 2006 A Bonds.

Section 3.10. Form of Series 2006 A Bonds. The text of the Series 2006 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2006 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF PARSONS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2006 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ___ day of ___ __, 2006, the CITY OF PARSONS, a municipal corporation and political subdivision of the State of West Virginia in Tucker 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, 200__, 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 _____, 2006.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 _____, 2006, and a Supplemental Resolution duly adopted by the Issuer on _____, 2006 (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) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 22, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $269,103; AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MAY 8, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $457,500 (COLLECTIVELY, THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 22, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $39,891~~; AND (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MAY 8, 1996 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $457,000 (COLLECTIVELY, THE "PRIOR BONDS"~~ (THE "SERIES 1989 B BONDS" AND, COLLECTIVELY WITH THE FIRST LIEN BONDS, 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 operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the ~~P~~First Lien Bonds and senior and prior to the pledge of Net Revenues in favor of the Holders of the Series 1989 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2006 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay 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, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2006 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 subordinate to, the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2006 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 subordinate to, the Bonds, including 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 the 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 monies, 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 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 CITY OF PARSONS has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2006 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: _____, 2006.

THE HUNTINGTON NATIONAL BANK,
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 2006 A 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 and all schedules and exhibits attached thereto are hereby approved and ratified and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Council and the Authority a schedule for the Series 2006 A Bonds, the form of which will be provided by the Authority 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 and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Ordinances);

~~(2) Depreciation Account (established by the Prior Ordinances);~~

(32) Renewal and Replacement Fund (established by the Prior Ordinances); and

(43) Series 2006 A 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 and the Issuer and from each other:

(1) Series 2006 A Bonds Sinking Fund; and

(2) Series 2006 A 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 in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and in the Prior Ordinances 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 this Bond Legislation and in the Prior Ordinances. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit the interest payments on the respective ~~Prior~~First Lien Bonds, as required by the Prior Ordinances; and (ii) simultaneously remit to the Commission, commencing 3 months prior to the first date of payment of interest on the Series 2006 A Bonds for which interest

has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2006 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit the principal payments on the respective ~~Prior~~First Lien Bonds, as required by the Prior Ordinances; and (ii) simultaneously remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2006 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 2006 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.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit for deposit in the respective reserve accounts for the ~~Prior~~First Lien Bonds, the amounts required by the Prior Ordinances to be deposited therein; and (ii) simultaneously remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2006 A Bonds, if not fully funded upon issuance of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2006 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2006 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 2006 A Bonds Reserve Requirement.

(5)——The Issuer shall next, on the first day of each month, from the monies remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum 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 monies 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 principal payments on the Series 1989 B Bonds, as required by the Prior Ordinances.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the reserve account for the Series 1989 B Bonds, the amount required by the Prior Ordinances to be deposited therein.

Monies in the Series 2006 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2006 A Bonds as the same shall become due. Monies in the Series 2006 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2006 A Bonds as the same shall come due, when other monies in the Series 2006 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2006 A Bonds Sinking Fund and the Series 2006 A 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 Series 2006 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2006 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2006 A Bonds Reserve Account which result in a reduction in the balance of the Series 2006 A Bonds Reserve Account to below the Series 2006 A Bonds Reserve Requirement 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 2006 A 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 respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2006 A Bonds Sinking Fund, or the Series 2006 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2006 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the ~~Prior~~First Lien Bonds and Series 2006 A Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2006 A Bonds Sinking Fund and the Series 2006 A 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

B. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement as Exhibit F, 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.

C. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2006 A 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.

D. 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, fees and expenses 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.

E. The monies in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

F. 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.

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2006 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2006 A Bonds, there shall first be deposited with the Commission in the Series 2006 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2006 A Bonds for the period commencing on the date of issuance of the Series 2006 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2006 A Bonds, there shall be deposited with the Commission in the Series 2006 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2006 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2006 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2006 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 2006 A Bonds.

D. 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 2006 A Bonds shall be expended as directed by the Council..

Section 6.02. Disbursements of Bond Proceeds. 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 for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2006 A Bonds from the Series 2006 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:

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

(2) 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;

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

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

Pending such application, monies in the Series 2006 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2006 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer, if applicable.

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 2006 A 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 2006 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2006 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2006 A Bonds shall not be nor constitute a corporate 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 Series 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 A 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 2006 A Bonds shall be secured 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 ~~P~~First Lien Bonds and senior and prior to the lien on the Net Revenue in favor of the Holders of the Series 1989 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2006 A 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 of the facilities of the System shall be as set forth in the water rate ordinance duly enacted on January 17, 2006, and the sewer rate ordinance duly enacted on ~~————~~February 21, ~~20~~—2006, as amended by Commission Order entered on August 1, 2006, by the Public Service Commission of West Virginia in Case number 06-0288-S-MA, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2006 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in 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 2006 A 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 and with the written consent of the Authority and the Council.

So long as the Series 2006 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2006 A Bonds, immediately be remitted to the Commission for deposit in the Series 2006 A Bonds Sinking Fund, 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 immediately apply such proceeds to the payment of principal of and interest on the Series 2006 A Bonds. Any balance remaining after the payment of all the Series 2006 A 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, in writing, 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 Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds 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 be deposited in the ~~Depreciation Account~~Renewal and Replacement Fund.

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 7.07 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 2006 A Bonds and the ~~Prior~~First Lien Bonds. All obligations issued by the Issuer after the issuance of the Series 2006 A 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 2006 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or 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.

The Issuer shall give the Authority 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 System, 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 ~~Resolutions~~Ordinances shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2006 Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

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 any outstanding Bonds, 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 Independent Certified

Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment 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 additional 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, if any, shall not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances and this Bond Legislation then Outstanding; and

(3) The additional 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 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 date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, 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 has expired (without successful appeal) prior to the issuance of such Parity Bonds.

All covenants and other provisions of this Ordinance (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 theretofore or 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 account created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

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 liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinances, shall have been made in full as required to the date of issuance of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinances.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority 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 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.

The Issuer shall permit the Authority 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 Governing Body shall direct.

The Issuer shall file with the Council and the Authority, or any other original purchaser of the Series 2006 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2006 A Bonds, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations.

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 in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2006 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2006 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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 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 and commencement of operation of the Project, the Issuer shall also provide the Authority 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 and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Ordinances. Prior to the issuance of the

Series 2006 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules 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 and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, 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 or schedules 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 on the Series 2006 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2006 A Bonds including the Prior Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Series 2006 A Bonds Reserve Account and any reserve accounts for obligations on a parity with, or subordinate to, the Series 2006 A Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2006 A 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.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.—

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 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 mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the Council or 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 within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and on 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 and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will 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 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.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Council, the Authority 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 employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and 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 Board 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 the System or the water 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. If the water system is 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 thereof.

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 2006 A 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 the 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 OR COMPLETION 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, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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 Council. 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 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 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~~20-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.

Section 7.17. Completion of Project; Permits and Orders. The Issuer will 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 will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the

operation of the System and all approvals for the issuance of the Series 2006 A Bonds required by State law, with all 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 will provide the Council with copies of all documents submitted to the Authority. The Issuer agrees to comply with all applicable laws, rules and regulations issued by the Authority, 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. [RESERVED]~~

Section 7.~~20~~19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2006 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2006 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.2~~1~~0. Securities Laws Compliance. The Issuer will 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 7.2~~2~~1. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2006 A 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 Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2006 A Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2006 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Council and the Authority 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

INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies 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 monies 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 monies 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 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate 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 2006 A Bonds as a condition to issuance of the Series 2006 A 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 2006 A Bonds as may be necessary in order to maintain the status of the Series 2006 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2006 A Bonds which would cause any bonds, the interest, if any, on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the

Council, as the case may be, from which the proceeds of the Series 2006 A 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 or the Council, 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 Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2006 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2006 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2006 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its respective part relating to the Series 2006 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2006 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the 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 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 the Series 2006 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2006 A Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2006 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2006 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2006 A Bonds shall be on a parity with the Holders of the ~~P~~First Lien Bonds and senior and prior to the Series 1989 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 the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, 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 2006 A Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2006 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2006 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2006 A 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 rights of Registered Owners of the Series 2006 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2006 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2006 A 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 out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2006 A 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 2006 A 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 2006 A Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. 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 Parsons Advocate*, a newspaper published and of general circulation in the City of Parsons, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2006 A 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:	July 11, 2006
Passed on Second Reading:	July 18, 2006
Passed on Final Reading Following Public Hearing:	August 1, 2006

_____
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF PARSONS on the 1st day of August, 2006.

Dated: August 22, 2006.

[SEAL]

Recorder

~~07/06/06~~08.03.06
689010.00003

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Parsons on the 18th day of August, 2006.

Dated: August 22, 2006.

[SEAL]

Lois J. Lambert
Recorder

08.03.06
689010.00003

Adopted this 18th day of August, 2006.

Charles W. Roseman

Mayor

CH823542.3

IC-1
(11/01/04)

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").

CITY OF PARSONS

(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 Department of Environmental Protection, or any successor thereto.

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Governmental Agency agrees that the Authority and the Council and their duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and the Council and their duly authorized agents and representatives shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime

contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

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 or such later date as is agreed to in writing by the Council.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds

outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's

revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, advanced from time to time, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and the Council, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

(xvii) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the

Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xxi) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiii) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule B attached to the certificate of the Consulting Engineer. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds available due to bid/construction/project underruns;

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, validity, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority and the Council.

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

Certain Covenants of the Governmental Agency; Imposition and Collection of User Charges; Payments To Be Made by Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and the Council shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and the Council by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

6.2 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.4 The Governmental Agency hereby agrees to give the Authority and the Council prior written notice of the issuance by it of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.5 The Governmental Agency hereby agrees to file with the Authority and the Council upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule B to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, if any, may be set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

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

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

7.4 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.5 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.6 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.7 This Loan Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

7.9 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.10 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

CITY OF PARSONS

(SEAL)

By: Charles W. Person
Its: Mayor
Date: August 18, 2006

Attest:

Lois J Lambert
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyon Jr.
Its: Director
Date: 8.22, 2006

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

{C1107660.1}

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[1] has ascertained that all

[1]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 _____,

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, [2]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. _____

Esq.] and delete "my firm has ascertained that".

[2]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
300 Summers Street, Suite 980
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, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____

Name of Bond Issue(s) _____

Type of Project _____ Water _____ Wastewater

Fiscal Year _____ Report Month _____

Item	Current Month	Total Year To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues				
2. Operating Expenses				
3. Bond Payments:				
Type of Issue				
Clean Water SRF				
Drinking Water TRF				
Infrastructure Fund				
Water Development Authority				
Rural Utilities Service				
Economic Development Administration				
Other (Identify)				
_____				
_____				
4. Renewal and Replacement Fund Deposits				

_____

Name of Person Completing Form

_____

Address

_____

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 ($900/12). This is the incremental amount for the Budget Year-to-Date column.

Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
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 $454,300
Purchase Price of Local Bonds $454,300

The Local Bonds shall bear no interest. Commencing December 1, 2007, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall 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:

(i) City of Parsons Combined Waterworks and Sewerage System Revenue Bond, Series 1984 (United States Department of Agriculture), dated September 20, 1984, issued in the original principal amount of $68,000;

(ii) City of Parsons Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated November 22, 1989, Issued in the original principal amount of $269,103; and

(iiii) City of Parsons Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority), dated May 8, 1996, issued in the original principal amount of $457,500.

The Local Bonds shall be senior to the City of Parsons Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated November 22, 1989, issued in the original principal amount of $39,891.

$454,300

City of Parsons
0% Interest Rate; 40 Years from Closing Date
Closing Date: August 22, 2006

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	2,931.00	-	2,931.00
03/01/2008	2,931.00	-	2,931.00
06/01/2008	2,931.00	-	2,931.00
09/01/2008	2,931.00	-	2,931.00
12/01/2008	2,931.00	-	2,931.00
03/01/2009	2,931.00	-	2,931.00
06/01/2009	2,931.00	-	2,931.00
09/01/2009	2,931.00	-	2,931.00
12/01/2009	2,931.00	-	2,931.00
03/01/2010	2,931.00	-	2,931.00
06/01/2010	2,931.00	-	2,931.00
09/01/2010	2,931.00	-	2,931.00
12/01/2010	2,931.00	-	2,931.00
03/01/2011	2,931.00	-	2,931.00
06/01/2011	2,931.00	-	2,931.00
09/01/2011	2,931.00	-	2,931.00
12/01/2011	2,931.00	-	2,931.00
03/01/2012	2,931.00	-	2,931.00
06/01/2012	2,931.00	-	2,931.00
09/01/2012	2,931.00	-	2,931.00
12/01/2012	2,931.00	-	2,931.00
03/01/2013	2,931.00	-	2,931.00
06/01/2013	2,931.00	-	2,931.00
09/01/2013	2,931.00	-	2,931.00
12/01/2013	2,931.00	-	2,931.00
03/01/2014	2,931.00	-	2,931.00
06/01/2014	2,931.00	-	2,931.00
09/01/2014	2,931.00	-	2,931.00
12/01/2014	2,931.00	-	2,931.00
03/01/2015	2,931.00	-	2,931.00
06/01/2015	2,931.00	-	2,931.00
09/01/2015	2,931.00	-	2,931.00
12/01/2015	2,931.00	-	2,931.00
03/01/2016	2,931.00	-	2,931.00
06/01/2016	2,931.00	-	2,931.00
09/01/2016	2,931.00	-	2,931.00
12/01/2016	2,931.00	-	2,931.00
03/01/2017	2,931.00	-	2,931.00
06/01/2017	2,931.00	-	2,931.00

$454,300

City of Parsons
0% Interest Rate; 40 Years from Closing Date
Closing Date: August 22, 2006

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
09/01/2017	2,931.00	-	2,931.00
12/01/2017	2,931.00	-	2,931.00
03/01/2018	2,931.00	-	2,931.00
06/01/2018	2,931.00	-	2,931.00
09/01/2018	2,931.00	-	2,931.00
12/01/2018	2,931.00	-	2,931.00
03/01/2019	2,931.00	-	2,931.00
06/01/2019	2,931.00	-	2,931.00
09/01/2019	2,931.00	-	2,931.00
12/01/2019	2,931.00	-	2,931.00
03/01/2020	2,931.00	-	2,931.00
06/01/2020	2,931.00	-	2,931.00
09/01/2020	2,931.00	-	2,931.00
12/01/2020	2,931.00	-	2,931.00
03/01/2021	2,931.00	-	2,931.00
06/01/2021	2,931.00	-	2,931.00
09/01/2021	2,931.00	-	2,931.00
12/01/2021	2,931.00	-	2,931.00
03/01/2022	2,931.00	-	2,931.00
06/01/2022	2,931.00	-	2,931.00
09/01/2022	2,931.00	-	2,931.00
12/01/2022	2,931.00	-	2,931.00
03/01/2023	2,931.00	-	2,931.00
06/01/2023	2,931.00	-	2,931.00
09/01/2023	2,931.00	-	2,931.00
12/01/2023	2,931.00	-	2,931.00
03/01/2024	2,931.00	-	2,931.00
06/01/2024	2,931.00	-	2,931.00
09/01/2024	2,931.00	-	2,931.00
12/01/2024	2,931.00	-	2,931.00
03/01/2025	2,931.00	-	2,931.00
06/01/2025	2,931.00	-	2,931.00
09/01/2025	2,931.00	-	2,931.00
12/01/2025	2,931.00	-	2,931.00
03/01/2026	2,931.00	-	2,931.00
06/01/2026	2,931.00	-	2,931.00
09/01/2026	2,931.00	-	2,931.00
12/01/2026	2,931.00	-	2,931.00
03/01/2027	2,931.00	-	2,931.00
06/01/2027	2,931.00	-	2,931.00
09/01/2027	2,931.00	-	2,931.00
12/01/2027	2,931.00	-	2,931.00
03/01/2028	2,931.00	-	2,931.00
06/01/2028	2,931.00	-	2,931.00

$454,300

City of Parsons
0% Interest Rate; 40 Years from Closing Date
Closing Date: August 22, 2006

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
09/01/2028	2,931.00	-	2,931.00
12/01/2028	2,931.00	-	2,931.00
03/01/2029	2,931.00	-	2,931.00
06/01/2029	2,931.00	-	2,931.00
09/01/2029	2,931.00	-	2,931.00
12/01/2029	2,931.00	-	2,931.00
03/01/2030	2,931.00	-	2,931.00
06/01/2030	2,931.00	-	2,931.00
09/01/2030	2,931.00	-	2,931.00
12/01/2030	2,931.00	-	2,931.00
03/01/2031	2,931.00	-	2,931.00
06/01/2031	2,931.00	-	2,931.00
09/01/2031	2,931.00	-	2,931.00
12/01/2031	2,931.00	-	2,931.00
03/01/2032	2,931.00	-	2,931.00
06/01/2032	2,931.00	-	2,931.00
09/01/2032	2,931.00	-	2,931.00
12/01/2032	2,931.00	-	2,931.00
03/01/2033	2,931.00	-	2,931.00
06/01/2033	2,931.00	-	2,931.00
09/01/2033	2,931.00	-	2,931.00
12/01/2033	2,931.00	-	2,931.00
03/01/2034	2,931.00	-	2,931.00
06/01/2034	2,931.00	-	2,931.00
09/01/2034	2,931.00	-	2,931.00
12/01/2034	2,931.00	-	2,931.00
03/01/2035	2,931.00	-	2,931.00
06/01/2035	2,931.00	-	2,931.00
09/01/2035	2,931.00	-	2,931.00
12/01/2035	2,931.00	-	2,931.00
03/01/2036	2,931.00	-	2,931.00
06/01/2036	2,931.00	-	2,931.00
09/01/2036	2,931.00	-	2,931.00
12/01/2036	2,931.00	-	2,931.00
03/01/2037	2,931.00	-	2,931.00
06/01/2037	2,931.00	-	2,931.00
09/01/2037	2,931.00	-	2,931.00
12/01/2037	2,931.00	-	2,931.00
03/01/2038	2,931.00	-	2,931.00
06/01/2038	2,931.00	-	2,931.00
09/01/2038	2,931.00	-	2,931.00
12/01/2038	2,931.00	-	2,931.00
03/01/2039	2,931.00	-	2,931.00
06/01/2039	2,931.00	-	2,931.00

$454,300

City of Parsons
0% Interest Rate; 40 Years from Closing Date
Closing Date: August 22, 2006

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
09/01/2039	2,931.00	-	2,931.00
12/01/2039	2,931.00	-	2,931.00
03/01/2040	2,931.00	-	2,931.00
06/01/2040	2,931.00	-	2,931.00
09/01/2040	2,931.00	-	2,931.00
12/01/2040	2,931.00	-	2,931.00
03/01/2041	2,931.00	-	2,931.00
06/01/2041	2,931.00	-	2,931.00
09/01/2041	2,931.00	-	2,931.00
12/01/2041	2,931.00	-	2,931.00
03/01/2042	2,931.00	-	2,931.00
06/01/2042	2,931.00	-	2,931.00
09/01/2042	2,931.00	-	2,931.00
12/01/2042	2,931.00	-	2,931.00
03/01/2043	2,931.00	-	2,931.00
06/01/2043	2,931.00	-	2,931.00
09/01/2043	2,931.00	-	2,931.00
12/01/2043	2,931.00	-	2,931.00
03/01/2044	2,931.00	-	2,931.00
06/01/2044	2,931.00	-	2,931.00
09/01/2044	2,931.00	-	2,931.00
12/01/2044	2,931.00	-	2,931.00
03/01/2045	2,931.00	-	2,931.00
06/01/2045	2,930.00	-	2,930.00
09/01/2045	2,930.00	-	2,930.00
12/01/2045	2,930.00	-	2,930.00
03/01/2046	2,930.00	-	2,930.00
06/01/2046	2,930.00	-	2,930.00
Total	**$454,300.00**	-	**$454,300.00**

Yield Statistics

Bond Year Dollars	$9,324.41
Average Life	20.525 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	6.12E-11
Bond Yield for Arbitrage Purposes	6.12E-11
All Inclusive Cost (AIC)	6.12E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.525 Years

SCHEDULE Z

None.

FINAL

8/2/2006

060338alj071306.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: July 13, 2006

CASE NO. 06-0338-W-CN

CITY OF PARSONS
Application for a certificate of convenience and necessity to construct improvements to it's existing water system in Tucker County, West Virginia.

RECOMMENDED DECISION

On March 17, 2006, the City of Parsons (City) filed an application for a certificate of convenience and necessity to construct improvements to its existing water system in Tucker County, West Virginia. The City estimated that construction would cost approximately $655,000. Proposed financing for the construction is as follows, to-wit:

(1) A grant from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of $295,000; and

(2) A loan from the WVIJDC in the amount of $360,000 for forty (40) years, at a 0% interest rate.

The City proposed a 6% project-related and a 25% non-project-related increase in its rates and charges. The proposed increased rates and charges would produce approximately $68,987 annually in additional revenue, an increase of 31%.

By Commission Order dated March 17, 2006, the City was directed to provide notice of the filing of the application by publishing a copy of said Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Tucker County, West Virginia, making due return to the Commission of proper certification of publication immediately after publication. The Notice specifically noted that the proposed increases were based on averages of all customers in the indicated class and that individual customers might receive increases that are more or less than the average. The requested rates and charges were only a proposal and were subject to change by the Public Service Commission in its review of this filing. The Notice directed that anyone desiring to make objection to the certificate application or intervene in said proceeding must do so, in writing, within thirty (30) days after publication of said Notice. It was further provided that failure to timely protest or intervene could affect one's right to protest, including any associated rate increase, or to participate in future proceedings. The Notice further provided that, if no protests were

received within the thirty-day period, the Commission could waive formal hearing and grant the certificate application based upon the evidence submitted in the application and the Commission's review thereof.

On April 17, 2006, Staff Attorney Lisa Wansley-Layne filed an Initial Joint Staff Memorandum to which was attached an Initial Internal Memorandum, dated April 11, 2006, prepared by Karen L. Buckley, Utilities Analyst II, Water and Wastewater Division, and John Mottesheard, Engineering Technician, Engineering Division. Commission Staff reported that, before it could develop final recommendations, the following additional information was required from the City, to-wit:

(1) The original commitment letter from the WVIJDC; and

(2) Rule 42 Exhibit information.

Also, on April 17, 2006, Ms. Wansley-Layne filed Commission Staff's first data requests directed to the City, formally requesting the information and documentation specified in Commission Staff's April 11, 2006 Initial Internal Memorandum.

By Order dated April 27, 2006, the Commission referred this matter to the Division of Administrative Law Judges for decision on or before July 31, 2006, if no public protest to the certificate application was filed, or on or before October 13, 2006, if a public protest was filed.

On May 1, 2006, the City filed an affidavit of publication reflecting that, in compliance with the Commission's March 17, 2006 Order, the Notice of Filing was published on April 5, 2006, in The Parsons Advocate, a newspaper duly qualified by the Secretary of State, published and of general circulation in Tucker County, West Virginia.

On May 22, 2006, the City filed its responses to Commission Staff's first data requests.

On June 15, 2006, Ms. Wansley-Layne filed a Final Joint Staff Memorandum to which was attached a Final Internal Memorandum, dated June 9, 2006, prepared by Ms. Buckley and Audra L. Blackwell, Technical Analyst II, Engineering Division. Ms. Blackwell reported that the City's proposed project involves the replacement of its existing 600,000-gallon clearwell/water storage tank; the removal and proper disposal of all asbestos cement roof panes; the removal and proper disposal of all asbestos contaminated soil around the perimeter of the tank; the demolition of the existing tank's roof structure and the filling of the existing tank with approximately 3,800 cubic yards of fill material; and the construction of a new 576,000-gallon water storage reservoir, complete with a new valve vault and all necessary tie-ins to the existing water system. In addition, a new backwash pump station will be constructed to adequately backwash the water plant's filters. A new 25-gallon-per-minute booster pump in the new backwash pump station will provide potable water from the new reservoir back to the water plant for process water. The existing backwash tank now provides the process water for the plant and, as part of this project, the tank will be taken out of service. The new booster pump will operate as a constant pressure pump providing 75 psi inside the treatment plant.

The City currently produces 254,500 gallons of water per day. Assuming the current water system remains the same, the new 576,000-gallon tank will provide 2.26 days of storage in the system. Assuming the City can reduce its overall water loss to 15%, the daily production will decrease to 169,600 gallons and the 576,000-gallon tank will provide approximately 3.4 days of storage.

The State of West Virginia Office of Environmental Health Services issued the City Permit No. 16,868 on December 21, 2005, to install approximately 620 linear feet of 10-inch, 200 linear feet of 8-inch and 300 linear feet of 2-inch water line; to abandon and replace the existing 600,000-gallon clearwell/storage tank with a new 576,000-gallon clearwell/storage tank; to add filters to waste piping to the water treatment plant filters; abandon and replace the existing filter backwash facilities with a new 2,500-gallon-per-minute duplex backwash pump station; to install a 25-gallon-per-minute water treatment plant process water pump in the new backwash pump station; and to remove sludge from the existing water treatment plant backwash pond.

The proposed project will cost approximately $655,000, which is broken down as follows, to-wit:

Construction	$ 513,500
Engineering	
Design	45,000
Inspection	40,000
Special Services	8,000
Legal	8,000
Administrative	20,000
Bond Counsel	10,000
Site, Easement, ROW Cost	4,000
Project Contingency	6,500
TOTAL	$ 655,000

The proposed project will not add any new customers resulting in an approximate cost per customer of $837, which is, according to Commission Engineering Staff, a very low cost per customer for the provision of water service. The City projected no increase in its estimated O&M expenses due to the project.

According to Ms. Buckley, the City is proposing to finance the $655,000 project through a WVIJDC grant in the amount of $295,000 and a WVIJDC loan in the amount of $360,000 for forty (40) years, at a 0% interest rate. The annual debt requirement will be $9,474, with a 10% debt reserve of $947. The WVIJDC also requires the City to establish and fund a renewal and replacement reserve equal to 2.5% of operating revenues, which, in this case, will be $8,293 per year. The City submitted the WVIJDC funding commitment letter with its application.

The City's Rule 42 Exhibit, which is based on the year ended June 30, 2005, includes going level adjustments to reflect its annualized level of operations due to its implementation of a rate increase after the test year of 25% for residential and industrial/commercial customers and pro forma adjustments to reflect the City's 5% project-related rate

increase.[1] However, Ms. Buckley noted that the City elected not to implement the going level rates and instead adopted the pro forma rates, which became effective March 3, 2006, and are consequently the project rates. The City's rates will generate an additional $15,786 in revenues which will be sufficient, in conjunction with the going level revenues of approximately $61,739, to cover the project-related expenses, debt service and reserve requirements. Staff's cash flow analysis, attached to the Final Internal Memorandum as Attachment 3, reflects a cash flow surplus of $2,473 and a debt coverage of 126.07%.[2]

Based upon its review of the City's certificate application, supporting data and documents submitted therewith, Commission Staff recommended that:

1. The City of Parsons be granted a certificate of convenience and necessity to construct the proposed improvements to its existing water system, as described herein, at a cost of $655,000;

2. The project financing, which consists of a WVIJDC grant of $295,000 and a WVIJDC loan in the amount of $360,000 for forty (40) years, at a 0% interest rate, be approved and that, if additional funding is required to complete the proposed project or there are any changes in the plans and/or scope of the project, the City request a reopening of this case for adjustments and Commission approval of such changes;

3. If there is a change in the project costs that does not affect rates, the City be required to file an affidavit signed by its certified public accountant verifying that its rates are not affected;

4. The City be required to file a copy of the engineer's certified tabulation of bids for the project within ten (10) days of the opening date; and

5. The City be required to file a copy of a certificate of substantial completion of the project from its engineer as soon as it becomes available.

DISCUSSION

Based upon a review of the City's application, as well as Staff's recommendations, it is clear that the proposed project, by replacing the existing 600,000-gallon clearwell water storage tank and removing and

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[1] Although the Notice of Filing indicated a 6% project-related increase, it is actually only a 5% increase at pro forma.

[2] Commission Staff included a Staff Recommended Tariff as Attachment 2 to its Final Internal Memorandum for the City to consider as a model for its next rate ordinance to bring its tariff language into compliance with the Commission's current standard language for tariffs.

properly disposing of the tank's asbestos roof panes and surrounding asbestos contaminated soil, will alleviate, if not correct, the health concerns of the West Virginia Office of Environmental Health Services. The completion of the project will also allow the City to commence a program to reduce its water loss, which at present time is inordinately high, and will also ensure the continuation of a reliable, adequate and safe supply of water to the City's existing customers. The financing of the proposed project should also be approved, since the rate increase passed by the City, effective as of March 3, 2006, was minimal and will provide a cash flow surplus, as well as a sufficient debt service coverage of 126.07%.

FINDINGS OF FACT

1. On March 17, 2006, the City of Parsons filed an application for a certificate of convenience and necessity to construct improvements to its existing water system in Tucker County, West Virginia. (See, March 17, 2006 filing).

2. The estimated project cost of $655,000 is to be funded by a WVIJDC grant in the amount of $295,000 and a WVIJDC loan in the amount of $360,000 for forty (40) years, at a 0% interest rate. The commitment letter for the financing has been filed. (See, May 22, 2006 filing).

3. The City gave notice of the filing of the application for a certificate of convenience and necessity in accordance with the Commission's requirements by publishing a Notice of Filing on April 5, 2006, in The Parsons Advocate, a newspaper duly qualified by the Secretary of State, published and of general circulation in Tucker County, West Virginia. (See, Affidavit of Publication filed May 1, 2006).

4. No protests were received to the application within the thirty-day response period, which expired on May 5, 2006, or as of the date of this Order. (See, case file generally).

5. The City adopted rates and charges, which went into effect on March 3, 2006, which will generate an additional $15,786 in revenues. These additional revenues, along with the City's going level revenues of approximately $61,739, will be sufficient to cover the project-related expenses, debt service and reserve requirements. (See, Final Joint Staff Memorandum and attachment filed June 15, 2006).

6. The City's existing water storage tank/clearwell has an asbestos roof. As part of the project, this tank will be replaced; all of the asbestos cement roof panes will be removed and properly disposed of; all asbestos-contaminated soil around the tank will be removed and properly disposed of; and the old tank will be filled. The project will also add a new backwash pump station, which does not operate in an acceptable manner. (See, Final Joint Staff Memorandum and Attachment filed June 15, 2006).

7. Commission Staff reported that the City's rates and charges will result in a $2,473 cash flow surplus and a 126.07% debt coverage ratio and that the project, as proposed, is financially feasible. Staff recommended that the City be granted a certificate of convenience and

necessity to perform the water system upgrades as described herein. (See, Final Joint Staff Memorandum and attachment filed June 15, 2006).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to the City or Parsons to construct certain specified improvements and upgrades to its water treatment plant and system, for a cost of $655,000.

2. It is reasonable to approve the financing for the project, which consists of a WVIJDC grant in the amount of $295,000 and a WVIJDC loan in the amount of $360,000 for forty (40) years, at 0% interest rate.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed herein on March 17, 2006, by the City of Parsons to construct improvements to its existing water treatment plant and system, at a total cost of $655,000, be, and hereby is, granted.

IT IS FURTHER ORDERED that the financing for the certificated project, consisting of a West Virginia Infrastructure and Jobs Development Council grant in the amount of $295,000 and a West Virginia Infrastructure and Jobs Development Council loan in the amount of $360,000 for forty (40) years, at a 0% interest rate, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if there are any changes in the plans, financing and/or scope of the project or if a change in project cost affects rates, the City of Parsons shall obtain Commission approval of such change prior to commencing construction.

IT IS FURTHER ORDERED that, if there are any changes in the project costs that do not affect rates, the City of Parsons shall file herein an affidavit duly executed by its accountant certifying that the City's rates and charges are not affected.

IT IS FURTHER ORDERED that the City of Parsons be, and hereby is, directed to submit a copy of the engineer's tabulation of bids for the project within ten (10) days of the opening date.

IT IS FURTHER ORDERED that the City of Parsons be, and hereby is, directed to submit a certificate of substantial completion of the project from its engineer as soon as it becomes available.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highway's rights-of-way, the City of Parsons comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that this matter be, and hereby is, 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.

John P. Carter

John P. Carter
Administrative Law Judge

JPC:kkp
060338a.wpd

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 17th day of March, 2006.

CASE NO. 06-0338-W-CN

CITY OF PARSONS
Parsons, WV 26287
Application for a certificate of convenience and necessity to construct improvements to it's existing water system in Tucker County, West Virginia

NOTICE OF FILING

WHEREAS, on March 17, 2006, the City of Parsons, filed an application, duly verified, for a Certificate to construct certain improvements to their water system in Tucker County. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the City of Parsons estimated that construction will cost approximately Six Hundred Fifty-Five Thousand ($655,000.00). It is proposed that the construction will be financed as follows: West Virginia Infrastructure and Jobs Development Council Grant in the amount of $295,000.00 and a West Virginia Infrastructure and Jobs Development Council Loan in the amount of $360,000.00

WHEREAS, the utility anticipates charging the following water rates for its customers.

APPLICABILITY
Applicable to all Residential, Commercial and Industrial Users in the entire area served.

AVAILABILTY OF SERVICE
Available for water service.

RATES

First 2,000 gallons used per month	$9.55 per 1,000 gallons
Next 3,000 gallons used per month	$8.30 per 1,000 gallons
Next 3,000 gallons used per month	$7.35 per 1,000 gallons
Next 10,000 gallons used per month	$5.80 per 1,000 gallons
Next 30,000 gallons used per month	$4.50 per 1,000 gallons
All over 50,000 gallons used per month	$3.15 per 1,000 gallons

MINIMUM MONTHLY CHARGE

5/8 inch meter	$19.10 per month
1 inch meter	$32.00 per month
2 inch meter	$128.00 per month

DELAYED PAYMENT PENALTY
A ten percent (10%) shall be added to all charges not paid within 20 days from the dates of the billing. This delayed payment penalty is not interest and is to only be collected once for each bill where it is applicable.

CONNECTION FEES
$300.00 or actual cost of installation, including materials and labor, whichever is greater.

RECONNECTION CHARGE
Twenty-Five Dollars ($25.00)

These rates represent the following project-related increases:

	($) INCREASE	(%) INCREASE
Residential	$1.48	6%
Commercial/Industrial	$3.22	6%

These rates represent the following non-project related increases:

	($) INCREASE	(%) INCREASE
Residential	$5.75	25%
Commercial/Industrial	$12.80	25%

The proposed increased rates and charges will produce approximately $68,987.00 annually in additional revenue, an increase of 31%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average.

Futhermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to §24-1-11, West Virginia Code, IT IS ORDERED that the City of Parsons give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Tucker County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order:

Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rates increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:

Sandra Squire
Executive Secretary

4-5

Certificate of Publication

I, Chris Stadelman, publisher of The Parsons Advocate, a weekly newspaper published at Parsons, Tucker County, West Virginia, do herby certify that the annexed Notice of Filing

in the case of City of Parsons 06-0338-W-CN

vs. _____

has been published for 1 consecutive weeks in said newspaper, beginning with the issue of April 5

Given under my hand this 5 day of Apr 2006

Chris Stadelman Publisher

Publication fee $ 157.78

STATE OF WEST VIRGINIA, COUNTY OF TUCKER, to-wit:

Chris Stadelman, publisher of The Parsons Advocate, being duly sworn, says that statements contained in the above certificate are true and correct, to the best of his knowledge and belief.

Chris Stadelman Affiant

Sworn to and subscribed before me, this the 5th day of April 2006

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
MARY M[illegible]
R.T. 2, BOX 75
MONTROSE, WV 26283
My Commission Expires November 30, 2014

Mary [illegible] Notary Public

My commission expires Nov. 30 2014

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Director

Katy.Mallory@verizon.net

April 6, 2005

The Honorable Charles Rosenau
Mayor, City of Parsons
341 Second Street
Parsons, West Virginia 26287

Re: City of Parsons
Water Project 2001W-648

Dear Mayor Rosenau:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Parsons' (the "City") revised preliminary application regarding its proposed project to demolish and legally dispose of the existing water storage tank/clearwell and construct a new water storage tank (the "Project").

Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The City should carefully review the enclosed comments of the Water Technical Review Committee as the City may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of revised preliminary application, the Infrastructure Council determined the City may be eligible for an Infrastructure Fund loan of $360,000 and an Infrastructure Fund grant of $295,000 pending the City's readiness to proceed and availability of funds. Total project cost is $655,000. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Infrastructure Council's pending list of projects.

In lieu of the Infrastructure Fund loan the Council determined the City should pursue a Rural Utilities Service loan of $360,000 to fund this $655,000 project. Please contact the Rural Utilities Service office at 636-2158 for specific information on the steps the City needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

Please be advised that these funding recommendations are contingent on the City's renewal of its NPDES permit.

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,

Mark Prince

Enclosure
cc: Pat Taylor, BPH (w/o enclosure)
Joseph Crickenberger, RUS
Region VII Planning & Development Council
Randy Watson, Thrasher Engineering, Inc.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Jenry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

October 2, 2002

The Honorable William C. Duncil
Mayor, City of Parsons
341 Second Street
Parsons, West Virginia 26287

Re: City of Parsons
Water Project 2001W-648

Dear Mayor Duncil:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Parsons' (the "City") revised preliminary application regarding its proposed project to demolish and legally dispose of the existing 600,000 gallon water storage tank/clearwell and construct a new 744,000 gallon water storage tank (the "Project").

Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The City should carefully review the enclosed comments of the Water Technical Review Committee as the City may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the revised preliminary application, the Infrastructure Council recommends that the City pursue a $100,000 Governor's Partnership grant to fund this $550,000 Project. Please contact the WV Development Office at 558-4010 for specific information on the steps the City needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from this agency.**

The Infrastructure Council also determined the City may be eligible for Infrastructure Fund assistance of $450,000. However, the Infrastructure Council's final decision regarding specific funding of the Project is deferred pending the City's readiness to proceed and availability of funds in the Infrastructure Fund. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Infrastructure Council's pending list of projects.

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,

Russell L. Isaacs

Enclosure
cc: Debbie Legg, WVDO (w/o enclosure)
Region VII Planning & Development Council
Randy Watson, Thrasher Engineering, Inc.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Henry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg
William P. Stafford, II, Esq.
Princeton

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone (304) 558-4607
Facsimile (304) 558-4609

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

January 9, 2002

The Honorable William Duncil
Mayor, City of Parsons
341 Second Street
Parsons, WV 26287

Re: City of Parsons
Water Project 2001W-648

Dear Mayor Duncil:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Parson's (the "City") preliminary application regarding its proposed project to demolish and legally dispose of the existing 600,000 gallon water storage tank/clearwell due to the discovery of the tank's asbestos roof and general deterioration along with the construction of a new 744,000 gallon water storage tank to replace it (the "Project").

Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The City should carefully review the enclosed comments of the Water Technical Review Committee as the City may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Infrastructure Council recommends that the City pursue a Governor's Partnership Grant of $100,000 to finance this $550,000 Project. Please contact the Governor's Office for specific information on the steps the City needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from these agencies.**

The Infrastructure Council also determined the City may be eligible for Infrastructure Fund assistance up to the amount of $550,000 of which only a maximum of up to $275,000 may be in the form of a grant. However, the Infrastructure Council's final decision regarding specific funding of the Project is deferred pending the City's readiness to proceed and availability of funds in the Infrastructure Fund. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Infrastructure Council's pending list of projects.

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,

Russell L. Isaacs

Enclosure
cc: Walt Ivey, BPH (w/o enclosure)
Region VII Planning & Development Council
Randy Watson, Thrasher Engineering, Inc.
Debbie Legg, WVDO (w/o enclosure)

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jefferson E Brady, PE

Executive Director
Jefferson.Brady@verizon.net

July 13, 2006

The Honorable Charles Rosenau
Mayor, City of Parsons
341 Second Street
Parsons, West Virginia 26287

Re: Binding Commitment Letter - Revised
City of Parsons
Project 2001W-648

Dear Mayor Rosenau:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Parsons'(the "City") revised funding request for financing its water project. Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. At its July 12, 2006 meeting, the Infrastructure Council voted to revise its November 8, 2005 binding commitment.(the "Commitment") as shown on the attached proposed Schedule A. The revision approved the City to utilize an additional $94,300 Infrastructure Fund loan (0%, 40 yrs) and an additional $159,300 Infrastructure Fund grant to complete the financing of this $908,600 project.

The Infrastructure Council Commitment will expire on the earlier of (i) June 30, 2007 or (ii) upon the District's written notification to the Infrastructure Council that the District does not desire to obtain the Infrastructure Fund Loan.

If the District has any questions regarding this commitment, please contact Jeff Brady at the above-referenced telephone number.

Sincerely,

Mark Prince

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

City of Parsons

By:_____

Its: _____

Date:_____

cc: Pat Taylor, BPH
Randy Watson, Thrasher Engineering
Jim Murray, Rodeheaver & Associates
John Stump, Steptoe & Johnson

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

City of Parsons
Water Project 2001W-648
Revised July 13, 2006

SCHEDULE A

A.	Approximate Amount:	$ 454,300	Loan
		$ 454,300	Grant

B. Loan: $ 454,300

1.	Maturity Date:	40 years <u>from date of closing</u>.
2.	Interest Rate:	0%
3.	Loan Advancement Date(s)	Monthly, upon receipt of proper requisition
4.	Debt Service Commencement:	The first quarter following completion of construction, which date must be identified prior to closing.
5.	Special Conditions:	
	A. Reserve requirements	One year's annual debt service OR Funding one year's annual debt service over the first ten years.
	B. Coverage	115% unless reserve fund is fully funded then coverage is 110%

C. Grant: $ 454,300

1.	Grant Advancement Date(s):	Monthly, upon receipt of proper requisition and after complete advancement of all other funding.
2.	Special Conditions:	None

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

D. Total Project Cost: $ 908,600

CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On this 22nd day of August, 2006, 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 City of Parsons (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the entire original issue of $454,300 principal amount of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), issued as a single, fully registered Bond, numbered AR-1, and dated August 22, 2006.

2. At the time of such receipt of the Bonds upon original issuance, the 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 Bonds, of the sum of $68,300, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council as acquisition and construction of the Project progresses.

Dated as of the day and year first above written.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Barbara B Meadows
Its: Authorized Representative

CITY OF PARSONS

By: Charles W. Rosenau
Its: Mayor

08.15.06
689010.00003

CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 22nd day of August, 2006, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the City of Parsons Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), in the principal amount of $454,300, dated August 22, 2006 (the "Bonds"), executed by the Mayor and the Recorder of the City of Parsons (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on August 1, 2006, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on August 18, 2006 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement dated August 22, 2006 (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; and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of $68,300, representing a portion of the principal amount of the 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.

[Remainder of Page Intentionally Left Blank]

Dated as of the date first written above.

CITY OF PARSONS

By: Charles W. Parsons
Its: Mayor

08.14.06
689010.00003

CH824403.2

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF PARSONS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $454,300

KNOW ALL MEN BY THESE PRESENTS: That on this 22nd day of August, 2006, the CITY OF PARSONS, a municipal corporation and political subdivision of the State of West Virginia in Tucker 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 FOUR HUNDRED FIFTY FOUR THOUSAND THREE HUNDRED DOLLARS ($454,300), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2007, 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 August 22, 2006.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 August 1, 2006, and a Conformed Ordinance and Supplemental Resolution duly adopted by the Issuer on August 18, 2006 (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) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 22, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $269,103; AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MAY 8, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $457,500 (COLLECTIVELY, THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 22, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $39,891 (THE "SERIES 1989 B BONDS" AND, COLLECTIVELY WITH THE FIRST LIEN BONDS, 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 operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the pledge of Net Revenues in favor of the Holders of the Series 1989 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2006 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay 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, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2006 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 on a parity with, or subordinate to, the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2006 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 on a parity with, or subordinate to, the Bonds, including 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 the 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 monies, 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 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 CITY OF PARSONS has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Charles E. Rosenau
Mayor

SPECIMEN

ATTEST:

Lois Lambert
Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2006 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: August 22, 2006.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$68,300	8.22.06	(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

$454,300

City of Parsons (West Virginia)
0% Interest Rate; 40 Years from Closing Date
Closing Date: August 22, 2006

Sources & Uses

Dated 08/22/2006 | Delivered 08/22/2006

Sources Of Funds	
Par Amount of Bonds	$454,300.00
Total Sources	**$454,300.00**

Uses Of Funds	
Deposit to Project Construction Fund	454,300.00
Total Uses	**$454,300.00**

$454,300

City of Parsons (West Virginia)
0% Interest Rate; 40 Years from Closing Date
Closing Date: August 22, 2006

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	2,931.00	-	2,931.00
03/01/2008	2,931.00	-	2,931.00
06/01/2008	2,931.00	-	2,931.00
09/01/2008	2,931.00	-	2,931.00
12/01/2008	2,931.00	-	2,931.00
03/01/2009	2,931.00	-	2,931.00
06/01/2009	2,931.00	-	2,931.00
09/01/2009	2,931.00	-	2,931.00
12/01/2009	2,931.00	-	2,931.00
03/01/2010	2,931.00	-	2,931.00
06/01/2010	2,931.00	-	2,931.00
09/01/2010	2,931.00	-	2,931.00
12/01/2010	2,931.00	-	2,931.00
03/01/2011	2,931.00	-	2,931.00
06/01/2011	2,931.00	-	2,931.00
09/01/2011	2,931.00	-	2,931.00
12/01/2011	2,931.00	-	2,931.00
03/01/2012	2,931.00	-	2,931.00
06/01/2012	2,931.00	-	2,931.00
09/01/2012	2,931.00	-	2,931.00
12/01/2012	2,931.00	-	2,931.00
03/01/2013	2,931.00	-	2,931.00
06/01/2013	2,931.00	-	2,931.00
09/01/2013	2,931.00	-	2,931.00
12/01/2013	2,931.00	-	2,931.00
03/01/2014	2,931.00	-	2,931.00
06/01/2014	2,931.00	-	2,931.00
09/01/2014	2,931.00	-	2,931.00
12/01/2014	2,931.00	-	2,931.00
03/01/2015	2,931.00	-	2,931.00
06/01/2015	2,931.00	-	2,931.00
09/01/2015	2,931.00	-	2,931.00
12/01/2015	2,931.00	-	2,931.00
03/01/2016	2,931.00	-	2,931.00
06/01/2016	2,931.00	-	2,931.00
09/01/2016	2,931.00	-	2,931.00
12/01/2016	2,931.00	-	2,931.00
03/01/2017	2,931.00	-	2,931.00
06/01/2017	2,931.00	-	2,931.00

$454,300

City of Parsons (West Virginia)
0% Interest Rate; 40 Years from Closing Date
Closing Date: August 22, 2006

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
09/01/2017	2,931.00	-	2,931.00
12/01/2017	2,931.00	-	2,931.00
03/01/2018	2,931.00	-	2,931.00
06/01/2018	2,931.00	-	2,931.00
09/01/2018	2,931.00	-	2,931.00
12/01/2018	2,931.00	-	2,931.00
03/01/2019	2,931.00	-	2,931.00
06/01/2019	2,931.00	-	2,931.00
09/01/2019	2,931.00	-	2,931.00
12/01/2019	2,931.00	-	2,931.00
03/01/2020	2,931.00	-	2,931.00
06/01/2020	2,931.00	-	2,931.00
09/01/2020	2,931.00	-	2,931.00
12/01/2020	2,931.00	-	2,931.00
03/01/2021	2,931.00	-	2,931.00
06/01/2021	2,931.00	-	2,931.00
09/01/2021	2,931.00	-	2,931.00
12/01/2021	2,931.00	-	2,931.00
03/01/2022	2,931.00	-	2,931.00
06/01/2022	2,931.00	-	2,931.00
09/01/2022	2,931.00	-	2,931.00
12/01/2022	2,931.00	-	2,931.00
03/01/2023	2,931.00	-	2,931.00
06/01/2023	2,931.00	-	2,931.00
09/01/2023	2,931.00	-	2,931.00
12/01/2023	2,931.00	-	2,931.00
03/01/2024	2,931.00	-	2,931.00
06/01/2024	2,931.00	-	2,931.00
09/01/2024	2,931.00	-	2,931.00
12/01/2024	2,931.00	-	2,931.00
03/01/2025	2,931.00	-	2,931.00
06/01/2025	2,931.00	-	2,931.00
09/01/2025	2,931.00	-	2,931.00
12/01/2025	2,931.00	-	2,931.00
03/01/2026	2,931.00	-	2,931.00
06/01/2026	2,931.00	-	2,931.00
09/01/2026	2,931.00	-	2,931.00
12/01/2026	2,931.00	-	2,931.00
03/01/2027	2,931.00	-	2,931.00
06/01/2027	2,931.00	-	2,931.00
09/01/2027	2,931.00	-	2,931.00
12/01/2027	2,931.00	-	2,931.00
03/01/2028	2,931.00	-	2,931.00
06/01/2028	2,931.00	-	

$454,300

City of Parsons (West Virginia)
0% Interest Rate; 40 Years from Closing Date
Closing Date: August 22, 2006

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2028	2,931.00	-	2,931.00
12/01/2028	2,931.00	-	2,931.00
03/01/2029	2,931.00	-	2,931.00
06/01/2029	2,931.00	-	2,931.00
09/01/2029	2,931.00	-	2,931.00
12/01/2029	2,931.00	-	2,931.00
03/01/2030	2,931.00	-	2,931.00
06/01/2030	2,931.00	-	2,931.00
09/01/2030	2,931.00	-	2,931.00
12/01/2030	2,931.00	-	2,931.00
03/01/2031	2,931.00	-	2,931.00
06/01/2031	2,931.00	-	2,931.00
09/01/2031	2,931.00	-	2,931.00
12/01/2031	2,931.00	-	2,931.00
03/01/2032	2,931.00	-	2,931.00
06/01/2032	2,931.00	-	2,931.00
09/01/2032	2,931.00	-	2,931.00
12/01/2032	2,931.00	-	2,931.00
03/01/2033	2,931.00	-	2,931.00
06/01/2033	2,931.00	-	2,931.00
09/01/2033	2,931.00	-	2,931.00
12/01/2033	2,931.00	-	2,931.00
03/01/2034	2,931.00	-	2,931.00
06/01/2034	2,931.00	-	2,931.00
09/01/2034	2,931.00	-	2,931.00
12/01/2034	2,931.00	-	2,931.00
03/01/2035	2,931.00	-	2,931.00
06/01/2035	2,931.00	-	2,931.00
09/01/2035	2,931.00	-	2,931.00
12/01/2035	2,931.00	-	2,931.00
03/01/2036	2,931.00	-	2,931.00
06/01/2036	2,931.00	-	2,931.00
09/01/2036	2,931.00	-	2,931.00
12/01/2036	2,931.00	-	2,931.00
03/01/2037	2,931.00	-	2,931.00
06/01/2037	2,931.00	-	2,931.00
09/01/2037	2,931.00	-	2,931.00
12/01/2037	2,931.00	-	2,931.00
03/01/2038	2,931.00	-	2,931.00
06/01/2038	2,931.00	-	2,931.00
09/01/2038	2,931.00	-	2,931.00
12/01/2038	2,931.00	-	2,931.00
03/01/2039	2,931.00	-	2,931.00
06/01/2039	2,931.00	-	

$454,300

City of Parsons (West Virginia)
0% Interest Rate; 40 Years from Closing Date
Closing Date: August 22, 2006

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2039	2,931.00	-	2,931.00
12/01/2039	2,931.00	-	2,931.00
03/01/2040	2,931.00	-	2,931.00
06/01/2040	2,931.00	-	2,931.00
09/01/2040	2,931.00	-	2,931.00
12/01/2040	2,931.00	-	2,931.00
03/01/2041	2,931.00	-	2,931.00
06/01/2041	2,931.00	-	2,931.00
09/01/2041	2,931.00	-	2,931.00
12/01/2041	2,931.00	-	2,931.00
03/01/2042	2,931.00	-	2,931.00
06/01/2042	2,931.00	-	2,931.00
09/01/2042	2,931.00	-	2,931.00
12/01/2042	2,931.00	-	2,931.00
03/01/2043	2,931.00	-	2,931.00
06/01/2043	2,931.00	-	2,931.00
09/01/2043	2,931.00	-	2,931.00
12/01/2043	2,931.00	-	2,931.00
03/01/2044	2,931.00	-	2,931.00
06/01/2044	2,931.00	-	2,931.00
09/01/2044	2,931.00	-	2,931.00
12/01/2044	2,931.00	-	2,931.00
03/01/2045	2,931.00	-	2,931.00
06/01/2045	2,930.00	-	2,930.00
09/01/2045	2,930.00	-	2,930.00
12/01/2045	2,930.00	-	2,930.00
03/01/2046	2,930.00	-	2,930.00
06/01/2046	2,930.00	-	2,930.00
Total	**$454,300.00**	-	**$454,300.00**

Yield Statistics

Bond Year Dollars	$9,324.41
Average Life	20.525 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	6.12E-11
Bond Yield for Arbitrage Purposes	6.12E-11
All Inclusive Cost (AIC)	6.12E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.525 Years

(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:

_____

08.03.06
689010.00003

CH839656.2

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

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P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

August 22, 2006

City of Parsons
Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

City of Parsons
Parsons, 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 City of Parsons (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $454,300 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (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 August 22, 2006, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and 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 December 1, 2007, and maturing June 1, 2046, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 31, Article 15A 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 extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

TERRALEX
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We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on August 1, 2006, as supplemented by a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on August 18, 2006 (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 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 Bond Legislation has modified the Series 1989 A Bonds and Series 1996 Bonds to provide that such Bonds shall have a first lien on the System along with 2006 A Bonds and the Revenues therefrom. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $269,103, and Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority), dated May 8, 1996, issued in the original aggregate principal amount of $457,500 (collectively, the "Prior First Lien Bonds"), and senior and prior to, with respect to liens, pledge and source of and security for payment the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $39,891, all in accordance with the terms of the Bonds and the Bond Legislation. The Issuer has obtained the written consent of the holders of the Prior Bonds to the issuance of the Bonds on a parity with the Prior First Lien Bonds, and senior and prior to the Series 1989 B Bonds.

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. 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 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 PLLC

08.14.06
689010.00003

NICHOLS & NICHOLS
ATTORNEYS AT LAW
P. O. BOX 201
PARSONS, WEST VIRGINIA 26287

J. PAT NICHOLS
PAT A. NICHOLS

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(304) 478-2127
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August 22, 2006

City of Parsons
Combined Waterworks and Sewage System Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

City of Parsons
341 Second Street
Parsons, West Virginia 26287

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are council to the City of Parsons in Tucker County, West Virginia (the "Issuer"), in connection with the above-captioned bond issue. As such council, we have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated August 22, 2006, including all schedules and exhibits attached hereto (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"), a Bond Ordinance duly enacted by the Issuer on August 1, 2006, as supplemented by a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on August 18, 2006 (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 herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

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

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

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 any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, exemptions, consents, registrations, certificates and authorizations required by law 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 Bureau for Public Health, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of ordinances prescribing such rates and charges. The time for appeal of such rate ordinances has expired prior to the date hereto without any appeal.

6. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on August 2, 2006 in Case No. 06-0338-W-CN, granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for approval of the Final Order has not expired prior to the date hereof, but the parties to such Order have indicated that they do not intend to appeal the Order. Such Order remains in full force and effect.

7. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the 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 Gross Revenues therefore.

8. 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 (i) are in compliance with the contracts; (ii) are adequate in form, substance and amount to protect the various interests of the Issuer; (iii) have been executed by duly authorized representatives of the proper parties; (iv) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (v) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Sincerely,

Pat A. Nichols

PAN:cw

NICHOLS & NICHOLS
ATTORNEYS AT LAW
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PARSONS, WEST VIRGINIA 26287

J. PAT NICHOLS
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August 22, 2006

Jefferson Brady, Executive Director
West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

Daniel B., Yonkosky, Director
West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25301

RE: City of Parsons
Water Improvement Project

Dear Sirs:

This firm represents the City of Parsons with regard to a proposed project to construct improvements to the water system (the "Project"), and provides this final title opinion on behalf of the City of Parsons to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") with regard to the Infrastructure Fund financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the City of Parsons is a duly created and existing municipal corporation possessed with all the powers and authority granted to municipal corporations under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.

2. That the City of Parsons has obtained approval for all necessary permits and approvals for the construction of the Project.

3. That I have investigated and ascertained the location of an am familiar with the legal description of the necessity sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Thrasher Engineering, Inc., the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Tucker County, West Virginia, the county in which the Project is to be located, and, in my opinion, the City of Parsons has acquired legal title or such other estate or interest in the necessary site components for the Project 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.

5. That all deeds or other documents which have been acquired to date by the City of Parsons have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the City of Parsons.

Sincerely,

Pat A. Nichols

PAN:cw

cc: Samme L. Gee, Esquire

CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(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 AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDERS
16. SPECIMEN BOND
17. CONFLICT OF INTEREST
18. GRANT
19. EXECUTION OF COUNTERPARTS

On this 22nd day of August, 2006, we, the undersigned MAYOR and RECORDER of the City of Parsons in Tucker County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify in connection with the City of Parsons Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 2006 A 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 in the Bond Ordinance of

the Issuer duly enacted August 1, 2006, and the Supplemental Resolution and Conformed Ordinance duly adopted August 18, 2006 (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 Gross 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 Gross Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues.

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 and the issuance of the Bonds have been obtained and remain in full force and effect, and 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 bond purchase agreement (the "Loan Agreement") entered into by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $269,103 (the "Series 1989 A Bonds"); and (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority), dated May 8, 1996, issued in the original aggregate principal amount of $457,500 (the "Series 1996 Bonds"). The Series 1989 A Bonds and the Series 1996 Bonds are hereinafter collectively called the "Prior First Lien Bonds". There are outstanding obligations of the Issuer which will rank junior and subordinate to the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B (West Virginia Water development Authority), dated November 22, 1989, issued in the original

aggregate principal amount of $39,891 (the "Series 1989 B Bonds" and, collectively with the Prior First Lien Bonds, the "Prior Bonds")

The Series 2006 A Bonds shall be issued on a parity with the Prior First Lien Bonds, and senior and prior to the Series 1989 B Bonds, 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 coverage and parity tests of the Prior First Lien Bonds are met; and (ii) the written consent of the Holders of the Prior First Lien Bonds to the issuance of the Series 2006 A Bonds on a parity with the Prior First Lien Bonds. The Issuer has obtained the written consent of the Holder of the Series 1989 B Bonds to the issuance of the Series 2006 A Bonds senior and prior to the Series 1989 B Bonds. Other than the Prior Bonds, there are no 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

Loan Agreement

Public Service Commission Order

Infrastructure Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Water Rate Ordinance and Sewer Rate Ordinance

Minutes on Adoption and Enactment of Rate Ordinances

Affidavits of Publication of Rate Ordinances and Notice of Public Hearing

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

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

Consent of WDA to Issuance of Series 2006 A Bonds

Prior Bond Ordinances and Supplemental Resolutions

Evidence of Insurance

Bureau for Public Health and NPDES Permits

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "City of Parsons." The Issuer is a municipal corporation in Tucker 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, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Clares W. Rosenau, Mayor	July 1, 2006	June 31, 2008
Lois J. Lambert, Recorder	July 1, 2006	June 31, 2008
John F. Goss	July 1, 2006	June 31, 2008
Cheryl A. Maxwell	July 1, 2006	June 31, 2008
Hoy Roy	July 1, 2006	June 31, 2008
Kenneth Knotts	July 1, 2006	June 31, 2008
Gary Lipscomb	July 1, 2006	June 31, 2008
Jane H. Barb	August 8, 2006	June 31, 2008

The duly appointed and acting Counsel to the Issuer is Nichols & Nichols, of Parsons, 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, operation and financing of the Project or 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 is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue 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 date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

11. RATES: The Issuer has duly enacted a water rate ordinance on January 17, 2006, setting forth the respective rates and charges for the services of the water portion of the System. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal, and such rate ordinance is currently in effect. The Issuer has duly enacted a sewer rate ordinance on February 21, 2006, which ordinance was amended by Commission Order entered on August 21, 2006 by the Public Service Commission of West Virginia in Case number 06-0288-S-MA, setting forth the respective rates and charges for the services of the sewerage portion of the System. The time for appeal of the Commission Order has not expired prior to the date hereof. However, the parties to such Order have stated that they do not intend to appeal such Order. The Issuer hereby certifies that it will not appeal such Order. Such Order is in full force and effect.

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, dated the date hereof, by 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 her manual signature, and the Registrar did officially authenticate, register and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. 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 $68,300 from the Authority and the Council, being a portion of the principal amount of the 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 Parsons Advocate, a newspaper published and of general circulation in the City of Parsons, 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 the Governing Body on the 1st day of August 2006, at 7:00p.m., at the City 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 ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia in Case No. 06-0338-W-CN entered on August 2, 2006, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has not expired prior to the date hereof. However, the parties to such Order have stated that they do not intend to appeal such Order. The Issuer hereby certifies that it will not appeal such Order. Such Order is in full force and effect.

16. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

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. GRANT: On the date hereof, the grant from the Infrastructure and Jobs Development Council in the amount of $454,300 is in full force and effect.

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 CITY OF PARSONS as of the date first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Charley W. Rosman	Mayor
Lois J. Lambert	Recorder
[illegible]	Counsel to Issuer

08.03.06
689010.00003

CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

On this 22nd day of August, 2006, I, H. Wood Thrasher, Registered Professional Engineer, West Virginia License No. 9478, of Thrasher Engineering, Inc., Consulting Engineers, in Clarksburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the waterworks portion of the existing public combined waterworks and sewerage system (the "System") of the City of Parsons (the "Issuer"), to be constructed primarily in Tucker County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Series 2006 A Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Ordinance enacted by the Issuer on August 1, 2006, and the Supplemental Resolution adopted by the Issuer on August 18, 2006, and the loan agreement (the "Loan Agreement"), dated August 22, 2006 (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").

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

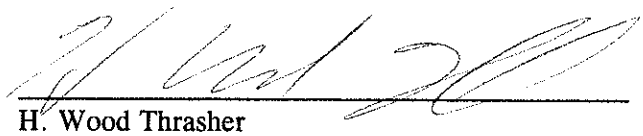
3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least 40 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 described in Schedule B, attached hereto as Exhibit A and the Issuer's counsel, Nichols & Nichols, 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 Council 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 applicable 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 Rodeheaver & Associates, as of the effective date thereof, the rates and charges for the System enacted 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 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 as of the date first written above.

THRASHER ENGINEERING, INC.

[SEAL]



H. Wood Thrasher
West Virginia License No. 9478

08.03.06
689010.00003

EXHIBIT A

WEST VIRGINIA INFRASTRUCTURE
SCHEDULE B
CITY OF PARSONS
WATER TREATMENT PLANT UPGRADE PROJECT
WVIJDC

A. COST OF PROJECT	TOTAL	IJDC Loan /Grant
1 Construction		
Contract 1	750,600.00	750,600.00
2 Technical Services - Thrasher		
a. Design	40,000.00	40,000.00
b. Engineering During Construction	9,000.00	9,000.00
c Inspection	40,000.00	40,000.00
d. Special Services	8,000.00	8,000.00
3 Legal & Fiscal		
a. Legal	8,000.00	8,000.00
b. Accounting		
4 Administrative	0.00	0.00
5 Sites & Other Lands		
a. Land acquisition / ROW	0.00	0.00
6 Contingency 5%	37,500.00	37,500.00
7 TOTAL of Lines 1 through 6	893,100.00	893,100.00
B. COST OF FINANCING		
8 Funded Reserve		
9 Other Costs		
a. Registrar fees	500.00	500.00
b Bond Counsel (S&J)	15,000.00	15,000.00
10 Cost of Financing (Total Line 8 plus 9)	15,500.00	15,500.00
11 TOTAL PROJECT COST line 7 plus line 10	908,600.00	908,600.00
C. SOURCES OF OTHER FUNDS		
12 Federal Grants		
13 State Grants IJDC Grant	454,300.00	454,300.00
14 Other Grants		
15 Any Other Source		
16 TOTAL GRANTS Lines 12 through 15	454,300.00	454,300.00
17 Size of Bond Issue (line 11 minus line 16)	454,300.00	454,300.00

Charles W. Rosenau
City of Parsons

Thrasher Engineering, Inc.

RODEHEAVER & ASSOCIATES, P.C.

Certified Public Accountants

6000 Thayer Center
Oakland, Maryland 21550
Telephone: 301-334-3127
Fax: 301-334-1102

Principals
Randle A. Rodeheaver, CPA, CVA
James M. Murray, CPA
Denise L. Rinker, CPA
M. Shane Grady, CPA, CFP®

August 22, 2006

City of Parsons
Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the sewer rate ordinance of the City of Parsons (the "Issuer") enacted February 21, 2006, as amended by Commission Order entered on August 1, 2006 by the Public Service of West Virginia in Case number 06-0288-S-MA, and the water rate ordinance of the Issuer enacted January 17, 2006, and the projected operating expenses and the anticipated customer usage as furnished to me by the City of Parsons, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the Issuer, will pay all operating expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued 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, including the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), and Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority) (collectively, the "Prior Bonds").

It is further our 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 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

RODEHEAVER & ASSOCIATES, P.C.

Rodeheaver & Associates, P.C.

CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

On this 22nd day of August, 2006, the undersigned Mayor of the City of Parsons in Tucker County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $454,300 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2006 (the "Bonds" or the "Series 2006 A 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 August 1, 2006, 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 August 22, 2006, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amount of the Series 2006 A 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") 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 2006 A Bonds were sold on August 22, 2006, to the Authority, pursuant to a Loan Agreement dated August 22, 2006, by and among the Issuer, the Authority and the Council, for an aggregate purchase price of $454,300 (100% of par), at which time, the Issuer received $68,300 from the Authority and the Council, being the first advance of the principal amount of the Series 2006 A Bonds. No accrued interest has been or will be paid on the Series 2006 A Bonds. The balance of the principal amount of the Series 2006 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2006 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 combined waterworks and sewerage system of the Issuer (the "Project"), and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2006 A Bonds Reserve Account, 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 September 1, 2007. The acquisition and construction of the Project is expected to be completed by June 1, 2007.

8. The total cost of the Project is estimated at $908,600. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2006 A Bonds	$454,300
Infrastructure Council Grant	454,300
Total Sources	$908,600

USES

Costs of Project	$893,100
Costs of Issuance	$ 15,500
Total Uses	$908,600

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2006 A Bonds:

(1) Revenue Fund;

(2) Renewal and Replacent Fund;

(3) Series 2006 A Bonds Construction Trust Fund;

(4) Series 2006 A Bonds Sinking Fund; and

(5) Series 2006 A Bonds Reserve Account.

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

(1) The proceeds of the Series 2006 A Bonds will be deposited in the Series 2006 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 2006 A Bonds and related costs.

11. Moneys held in the Series 2006 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2006 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 2006 A Bonds Sinking Fund and Series 2006 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2006 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.

12. 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.

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

14. With the exception of the amount deposited in the Series 2006 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

15. 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.

16. 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.

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

18. 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.

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

20. 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.

21. The Bonds are not federally guaranteed.

22. 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.

23. The Issuer has either (a) funded the Series 2006 A 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 2006 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2006 A 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 2006 A Bonds Reserve Account and the Series 2006 A 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.

24. 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 of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. 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.

26. 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.

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

WITNESS my signature as of the date first written above.

CITY OF PARSONS

By: Charles W. Pearman
Its: Mayor

08.03.06
689010.00003

PARSONS CITY CODE

PREFACE: CHARTER - CITY OF PARSONS
CHAPTER 1. GENERAL PROVISIONS
CHAPTER 2. ELECTIONS
CHAPTER 3. MAYOR - POLICE COURT - POLICE JUDGE
CHAPTER 4. RECORDER
CHAPTER 5. CITY COUNCIL
CHAPTER 6. OFFICERS AND EMPLOYEES
CHAPTER 7. STREETS AND SIDEWALKS
CHAPTER 8. MOTOR VEHICLE AND TRAFFIC ORDINANCE
CHAPTER 9. PARKING METER ORDINANCE
CHAPTER 10. GARBAGE ORDINANCE AND PROVISIONS
CHAPTER 11. ANIMALS AND FOWLS
CHAPTER 12. BUILDING AND CONSTRUCTION
FLOOD ORDINANCE
FAIR HOUSING ORDINANCE
CHAPTER 13. ALCOHOLIC BEVERAGES
CHAPTER 14. SHOPLIFTING
CHAPTER 15. LICENSES AND BUSINESS TAXES
CHAPTER 16. SOLICITORS AND CANVASSERS
CHAPTER 17. WATER AND SEWER ORDINANCE AND RATES
CHAPTER 18. CEMETERY
CHAPTER 19. MISCELLANEOUS OFFENSES
CHAPTER 20. DISPOSAL OF ABANDONED MOTOR VEHICLES, ETC.
CHAPTER 21. PUBLIC UTILITY TAX
CHAPTER 22. FIRE FEE ORDINANCE
CHAPTER 23. PERSONNEL POLICY
CHAPTER 24. PARK BOARD ORDINANCE
CHAPTER 25. WATER AND SEWER BOND ORDINANCES

PARSONS CITY CODE
CHARTER OF THE CITY OF PARSONS

An act to create the municipal corporation of the City of Parsons in the County of Tucker, to grant a charter thereto and annul the charter of the Town of Parsons.

(Passed February 18, 1907. In effect from passage. Approved by the Governor February 25, 1907.)

BE IT ENACTED BY THE LEGISLATURE OF WEST VIRGINIA:

Section 1. Corporate name, rights and powers.

That the inhabitants of so much of the county of Tucker as is within the bounds prescribed by Section Two of this act, and their successors, shall be and remain, and they are hereby made, a body politic and corporate by the name of "THE CITY OF PARSONS", and such shall have perpetual succession and a common seal, and by that name may sue and be sued, plead and be impleaded, purchase, lease and hold real estate and personal property necessary to the purchase of said corporation. See Code, 8-4-1, Section 485.

Section 2. Corporate limits and boundaries; wards.

The corporate limits of said City shall hereafter be as follows:

Beginning at a large red oak called for in the old corporate survey, north 50 degrees west 67 poles and 8 links to a stone on the north bank of Sugar Camp Run, 1 pole and 3 links south of Clover Run a large white oak; thence South 48-3/4 degrees east 24 poles and 15 links to a small maple with two oak and a birch pointer standing on a shelving bank north of the county road; thence south 62 1/2 degrees east 12 poles and 12 1/2 links to the Western Maryland Railway Company's "look out" sign; thence crossing Shaffers Fork 47 degrees east _____ to a stone on the bank of said river in John Peter's field, reference point north 24 degrees east 3 poles to a small poplar on the bank of the river; thence north 81 degrees east 250 poles and 10 links to a stone west of the county road and at right angles to the southeast corner of the cemetery fence, 8 poles and 18 links, reference point south 75 degrees east 2 poles and 10 links to a large chestnut standing east of the county road; thence north 27-3/4 degrees east 21 poles to the northeast corner of the cemetery fence; thence continuing with the same bearing 72 degrees east reversed of the side of the cemetery lot to the Black Fork River; thence with the meanders of said river to the head gates of the sluice dam; thence crossing Black Fork River to the east abutment of the Western Maryland Railway Bridge across said river; thence crossing said river to the west abutment of the county bridge; thence down the river with the meanders thereof to two small white oaks called for in the old survey of the Parsons corporation; thence with the old corporation line reversed, south 75 degrees west 190-3/4 poles to a stone against the bank about 4 poles north of a drain; thence South 23 degrees east 126 poles to a stone against the bank about 4 poles north of a drain; thence South 23 degrees east 126 poles to a beech with poplar, gum and two

The territory of said City shall be divided as follows:

First Ward: All that portion of said City lying north of the Western Maryland Railroad and north and west of the Shaffers Fork of Cheat River.

Second Ward: All that portion of said City lying south of the Western Maryland Railroad.

Third Ward: All that portion of said City lying north of the Western Maryland Railroad and between Shaffers Fork and Black Fork of Cheat River.

And the Council of said City may change the boundaries of said wards, or create such additional wards as may appear to the said council to be necessary, but no change shall be made in the boundaries of said wards, nor any ward created less than sixty days before the holding of any general election for said City. See Code 8-3-8, Section 476.

Section 3. Municipal Authorities.

The municipal authorities of the city shall consist of the mayor, recorder and two councilmen from each ward, who together shall form the common council; said councilmen shall be elected by the voters of the entire city.

Section 4. Exercise of corporate powers.

All the corporate powers and functions pertaining to the city shall be exercised by its common council or under its authority, in the corporate name of the city unless otherwise provided by state law or municipal ordinances.

Section 5. Subordinate Officers.

The council may appoint a superintendent of streets, light, and water, an attorney, an assessor, a collector and all other officers whose offices may be established by an ordinance of the council.

Section 6. Eligibility of Officers.

No person shall be eligible to the office of mayor, recorder or councilman unless, at the time of his election, he is legally entitled to vote in the city election for member of the common council, and was for the preceding year assessed with taxes upon real or personal property within the said city of the assessed value of two hundred dollars, and shall have actually paid taxes so assessed. And no person shall be eligible to any subordinate office under said city who is not at the time of his election or appointment entitled to vote for members of the common council. See Code 8-3-9, Section 477.

Section 7. Powers, duties and compensation of officers.

The powers, duties and compensation of all officers shall be established by ordinance. But the compensation pertaining to any office shall not be increased or diminished so as to effect any officer subsequent to his election or appointment and during the term for which he was elected or appointed. See Code 8-4-2, Section 486, Section 487, 8-4-4, Section 488.

Section 8. Vacancies in Office.

Whenever a vacancy shall occur from any cause in the office of mayor, recorder or councilman, the common council shall fill the same by election by a viva voce vote until the end of the term. See Code 8-3-13, Section 481.

Section 9. Who are Voters.

Every person who has been a bona fide resident of the city for sixty days next preceding the city election therein, and who is a qualified voter under the constitution and laws of this state, shall be entitled to vote at any city election in the ward in which he actually resides but no person shall be deemed a resident of such city by reason of being stationed therein for any temporary purpose. See Code 8-3-14, Section 482.

Section 10. Elections.

The first election hereunder shall be held on the first Tuesday in January, one thousand nine hundred and eight, at which election all of the officers provided for in section three shall be elected. The term of office of all persons elected at said first election shall begin February one, one thousand nine hundred and eight and shall be until their successors are elected and qualified. The next election hereunder shall be held on each year thereafter on the first Thursday in April. The term of office of all persons elected at the election held hereunder in one thousand nine hundred and nine and all succeeding elections shall be for two years, except that of mayor and recorder, which shall be for one year, and until their successors are elected and qualified, unless sooner removed in the manner provided by law. At said election held on the first day of January, one thousand nine hundred and eight, two members of the council shall be elected in each ward in said city who shall reside in the ward for which they are elected, and the candidate receiving the highest number of votes shall be elected for two years and the candidate receiving the next highest number of votes shall be elected for one year from the first day of May next succeeding his election, and shall hold their offices until their successors are elected and qualified, and on the first Monday in April in each succeeding calendar year one member of the council shall be elected in each ward, whose term of office shall begin on the first day of May next succeeding his election and continue for a term of two years and until his successor is elected and qualified; but shall thereby become vacant and the common council shall fill the said

All appointed officers shall hold their office during the pleasure of the common council.

The election shall be held and conducted and the result thereof ascertained, certified, returned and determined under the constitution and general laws of the state governing municipal elections, and shall conform as nearly as practicable to such laws. Contested elections shall be heard and decided by council, and the proceedings therein shall conform as nearly as may be to similar proceedings in the case of county and district officers. The council shall be the judge of the election, return and qualification of its own members. In case two or more persons receive an equal number of votes for the same office, if such number be the highest cast for such office, the persons under whom the supervision is held shall decide by lot which of them shall be returned elected, and shall make their return accordingly. See Code 8-3-4, Section 472, 5-3-5, Section 473.

Section 11. Qualification of Officers.

Every person elected or appointed to an office in such city shall within twenty days after his election or appointment, and before entering upon the duties of his office, take and subscribe the oath of office prescribed by law in the case of district officers, which may be done before the mayor or recorder of such city, or before any person authorized by law to administer oaths; and the officer administering the oath shall be filed with the recorder of the city. See Code 8-3-11, Section 479.

Section 12. Powers and duties of Appointed Officers.

The council shall prescribe the powers and define the duties of all officers by it appointed, except so far as the same are by this act defined; shall fix the compensation, and may require and take from them respectively, bonds payable to the city in the corporate name with such sureties and such penalties as may be deemed proper, conditioned for the faithful performance of their duties. See Code 8-3-10, Section 478, 8-4-2, Section 486.

Section 13. Removal of Officers.

The council shall have the authority to remove from office any officer of the city whether elected or appointed, for misconduct or neglect of duty by an affirmative vote of three-fourths of the members of the council, but only after reasonable notice to such officer, and a hearing of the charges preferred. See Code 8-4-22, Section 506.

Section 14. Meeting of the Council.

The council shall be presided over at its meetings by the mayor, or in his absence by the recorder; in the absence of both mayor and recorder by one of the councilmen selected by the majority of the council present. A majority of the council shall be necessary to constitute a quorum for the transaction of business. See Code 8-4-6, Section 490

Section 15. Votes of Members.

The recorder shall have a vote as a member of the council. The mayor shall have a vote only in case of a tie, and in no case shall the presiding officer have but one vote. No member of council shall vote upon or take part in the consideration of any proposition in which he is or may be interested otherwise than as a resident of said city. See Code 8-4-6, Section 490, 8-4-7, Section 491.

Section 16. Bonds.

The council shall require and take from all officers elected or appointed as aforesaid, whose duty it shall be to receive funds, assets or property belonging to said city, or having charge of the same, such bonds, obligations or other writings as may be deemed necessary and proper to secure the faithful performance of their several duties. All bonds, obligations or other writings taken in pursuance of any of the provisions of this act shall be made payable to the city of Parsons, with such penalties as may be deemed proper, conditioned for the faithful performance of their duties, and for the accounting of and the paying over as required by law, all monies coming into their hands by virtue of their offices, and the respective persons, and their heirs, executors and assigns bound thereby shall be subject to the same proceedings on said bond, obligations and other writings, for enforcing the conditions of the terms thereof, by motion or otherwise, before any court of competent jurisdiction held in and for the county of Tucker, that collectors of county levies and other sureties are or shall be subject to on their bonds for enforcing the payment of the county levies. See Code 6-2-11, Section 284.

Section 17. Records of the Council.

The council shall cause to be kept in a well bound book called the "council journal" an accurate record of all its proceedings, bylaws, ordinances, order, and resolutions which shall be fully indexed, and shall be open to anyone who is required to pay taxes to such city. The records of the town of Parsons shall be deposited with the council of said city, and it shall make suitable provisions for the safekeeping and preservation of the same. At each meeting of the council the proceedings of the last meeting shall be read, corrected if erroneous, and signed by presiding officer for the time being. Code 8-4-8, Section 492, 8-4-9, Section 493.

Section 18. Powers and Duties of Council.

The council of said city shall have power to lay off, vacate, close, open, alter, grade, and keep in good repair the roads, streets, alleys, pavements, sidewalks, crosswalks, drains and gutters therein for the use of the citizens or of the public and to improve and light the same, and to keep the same free from obstructions of every kind; to regulate the width of pavements and sidewalks on the streets and alleys, and to order the pavement, sidewalks, footways, drains and gutters to be kept in good order, free and clean, by the owners and occupants of the real property next adjacent thereto; to establish and regulate markets, prescribe the time for holing the same, provide suitable and convenient buildings therefore and prevent the forestalling or regrating of such markets; to prevent injury or annoyance to the public or to individuals from anything dangerous, offensive or unwholesome; to prohibit or regulate slaughter houses and soap factories within the city limits, or the exercise of any unhealthful or offensive business, trade of employment; to abate all nuisances within the city limits or to require and compel the abatement or removal thereof by or at the expense of the owner or occupant of the ground on which they are placed or found; to cause to be filled up, raised or drained by or at the expense of the owner any city lot or tract of land covered or subject to be covered by stagnant water; to prevent horses, hogs, cattle, sheep or other animals and fowls of all kinds from going or being at large in such city, and as means of prevention to provide for impounding and confining such animals and fowls, and upon failure to reclaim for the sale thereof; to protect places of divine worship and to preserve order in and about the premises where and when such worship is held; to regulate the keeping of gunpowder and other flammable or dangerous substances; to provide and regulate the building of houses and other structures, and for the making and maintaining of division fences by the owners of adjoining premises, and the proper drainage of city lots and other parcels of land, by or at the expense of the owner or occupant thereof; to provide against damage or danger by fire; to punish for carrying deadly weapons, and assaults and batteries; to prohibit loitering in saloons, or upon the streets; to prevent lewd and lascivious conduct, the sale or exhibition of indecent pictures, or other representations; the Sabbath day, profane swearing, the illegal sale of all intoxicating liquors, drinks, mixtures and preparations, beer, ale, wine, or drinks or like nature; to protect the persons of those residing within said city; to build or purchase, or lease and to use a suitable place within or near said city for safekeeping or punishment of persons charged with, or convicted of the violation of ordinances to provide for the employment of persons convicted of the violation of ordinances, or who may be committed in default of the payment of fines, penalties or costs, and who are otherwise unable to discharge the same by putting them to work for the benefit of the city, and to use such means of escape while at work, as they may deem expedient; to erect or authorize or prohibit the erection of gas work, electric light works or water works within the city limits, to prevent injury to such works or the pollution of any gas or water used or intended to be used by the public or by individuals, and to do all things

necessary to adequately supply said city and the inhabitants thereof with pure, healthful and wholesome water; to use, generate, distribute, sell and control electricity and gas for heat, light, and power, and to furnish lights for the streets, houses, buildings, stores, and other places in and about said city; to provide a sewerage system for said city; to provide for and regulate the weighing and measuring of hay, coal, lumber and other articles sold, or offered for sale within the said city; to establish and construct wharves and docks, and to repair, alter, or remove any landing, wharf or dock, which has been or shall be so constructed, and to establish and collect rates and changes for the use thereof; to regulate the running and speed of engines and cars within said city, except that the council of said city shall not interfere with the speed of trains and engines beyond the corporation lines of the town of Parsons as heretofore existing, until the said new territory shall be laid out in lots, streets and alleys, and open and used by the public; to organize one or more fire companies and provide necessary apparatus, tools, implements, engines, or any of them, for their use, and in their discretion to organize a paid fire department to make regulations with respect to the erection and location of the telephone, telegraph, electric light or other poles within said city, and the extension of any wires, lines and poles by any individual or corporation; to grant and regulate all franchises in, upon, over and under the streets, alleys and public ways of said city, under such restrictions as shall be provided by ordinance, but no exclusive franchise shall be granted by said council to any individual or corporation, nor shall any franchise be granted for a longer period than fifty years; to create by ordinance such committees or boards and delegate such authority thereto, as may be deemed necessary or advisable; to provide for the annual assessment of the taxable property therein, including dogs kept in said city, and to provide a revenue for the said city for municipal purposes, and to appropriate such revenue to its expenses, and generally to take such measures, as may be deemed necessary or advisable, to protect the property, public and private, within the city; to preserve and maintain peace, quiet and good order therein, and to preserve and promote the health, safety, comfort and well being of the inhabitants thereof.

The council of said city shall have power and authority to control and regulate the construction and repairs of all houses and other buildings within the said city; to provide for the granting of building permits; to cause the removal of unsafe walls of buildings; and may upon the petition of the persons owning the greater amount of frontage of the lots abutting on any street between any two cross streets or in any square in said city, prohibit the erection on such street, or in such square, of any building, or of any addition to any building, more than ten feet high, unless the outer walls thereof be made of brick and mortar or other fireproof material; and to provide for the removal of any building or an addition which shall have been erected contrary to such prohibition, at the expense of the owner or owners thereof. See Code 8-4-10, Section 494

Section 19. Enforcement of Powers.

To carry into effect these enumerated powers and all others by this act or by general laws conferred, or which may hereafter be conferred upon the said city or its council, or any of its officers, the said council shall have and possess full authority to make, pass and adopt all needful ordinances, bylaws, orders and resolutions, not repugnant to the constitution and laws of the United States or of this state; and to enforce any and all such ordinances, bylaws, orders or resolutions, by prescribing for a violation thereof, fines and penalties and imprisonment in either the county jail of Tucker County or the city prison, if there by one but no fine shall exceed five hundred dollars, and no term for imprisonment shall exceed thirty days; such fines and penalties shall be imposed and recovered, and such imprisonment inflicted and enforced by and under the judgment of the mayor of said city, or in case of his absence or inability to act or both of said officers, of one of the councilmen, appointed for that purpose by the council. See Code 8-4-10, Section 494.

Section 20. Annual Estimate of Expenditures.

The council shall cause to be annually made up and entered upon its journal not later than the first day of July of each year, an accurate estimate of all sums that are or may become chargeable to such city, and which ought to be paid within one year; and it shall order a levy of so much as may in its opinion, be necessary to pay the same. See Code 11-8-9, Section 760, 11-8-14, 14A and 15, Section 765, 765 (1) and 766.

Section 21. Annual Levy.

The levy so ordered shall be upon all dogs in the said city, and upon all real and personal property therein subject to state taxes upon the basis of the valuation of such property as fixed for state purposes; but no taxes so levied upon property shall exceed the rate of fifty cents on every one hundred dollars of the valuation thereof in any one year for current prescribed by law. See Code 8-7-1, Section 547.

Section 22. Money, How and When Paid.

All taxes which the council are or shall be authorized to levy and collect, and all fines and penalties which may be imposed and collected for violations of the laws and ordinances of said city, shall inure to the exclusive benefit of said city, and all monies received or collected for the use of said city shall be paid into the treasury and shall be drawn therefrom, except as the council, in accordance with this act, may order, by orders drawn upon the city treasury, signed by the mayor and countersigned by the recorder, and no order shall be issued upon any fund unless there is an unexpended balance to the credit thereof sufficient to cover such order and money in the treasury to pay it. The council shall, once at least every year cause to be published in the said city, a statement of the receipts and disbursements of the said city for the past year for each of the several [illegible] signed and sworn to by the recorder and attested by

Section 23. Revoking Licenses.

The council may revoke any such license for a breach of any of the conditions of such bond, or for other good cause shown, but the person holding license must first have reasonable notice of the time and place of hearing and adjudicating the matter, as well as the cause alleged; and shall be entitled to be heard in person or by the council, in opposition to such revocation.

Section 24. Other Licenses.

When anything for which a state license is required other than the sale of spirituous, vinous and malt liquors is to be done within such city, the council may require a city license therefor, in the manner prescribed by law, and may impose a tax thereon for the use of the city. And the council may make and enforce all reasonable ordinances respecting the same; provided only that such ordinances shall not conflict with the constitution and laws of this state and of the United States. See Code 8-14-13, Section 497.

Section 25. Sidewalks, Street Paving, etc.

If the owner or occupant of the real property abutting on any sidewalk, footway or gutter in such city, shall fail or refuse to curb, or keep the same clean in the manner or within the time required by council it shall be the duty of the council to cause the same to be done at the expense of the city, and to assess the amount of such expense on such property, or upon the owner thereof, and the same may be collected by the collector in the manner provided herein for the collection of city taxes.

Upon the petition in writing, of the persons owning the greater amount of frontage of the lots abutting on any street, or between a cross street and alley, or any two cross streets, the council of the city by lawful majority thereof, may order such part of any street or alley to be paved between sidewalks with cobble stones, brick, Belgin blocks, asphaltic, or other suitable material, from one of such cross streets or alleys to the other, under such regulations as may be fixed by ordinance duly passed by council; two-thirds of the cost of such paving shall be assessed to the owners of the lots or fractional parts of lots abutting on that part of the street or alley so paved, in proportion to the distance such lots or part lots about on such street or alley, and the remaining one-third of the cost of such paving shall be paid by the city. In making such assessments the basis shall be the cost of paving that part of the street or alley on which the property lies, included between the adjoining cross streets or alleys; and the amount assessed against the owners of each lot fractional part of a lot, shall be in the proportion which the frontage of such lot or part of lot bears to the whole cost of paving said street or alley between said cross streets or alleys as aforesaid, and the same may be collected by the collector in the manner provided herein for the collection of city taxes. See Code 8-7A-1 to 15, Section 554; 8-8-1 to 16, Section 555 to 558 (12); 8-9-1 to 18, Section 559 to 576

Section 26. Liens for Taxes, Assessments, etc.

There shall be a lien on all real estate and personal property within the city for the city taxes assessed thereon, from the date fixed by law for the commencement of the assessment of such taxes in each year, and the interest upon such taxes, at the rate of six percent per annum from the first day of January next year after such assessment until payment, which may be enforced by the council in the manner now provided by law for the enforcement of the lien for the state or county taxes, or in such other manner as the council may by ordinance prescribe. There shall also be a lien on all real estate within the city for other assessments, fines and penalties assessed or imposed upon the owners thereof by the authorities of the city from the time the same are so assessed or imposed, which shall have priority over all other liens except the lien for taxes and may be enforced by the council by suit in equity, in the corporate name of the city, in the same manner as prescribed by law for the enforcement of the lien for state and county taxes, or in such manner as the council may by ordinance prescribe. If any real estate within the city be returned delinquent for the nonpayment of the taxes thereon, a copy of such delinquent list may be certified by the council to the auditor, and the same may be sold for taxes, interest and commissions thereon, in the same manner, at the same time, and by the same officer as real estate is sold for the nonpayment of state taxes. See Code 8-7-3, Section 549.

Section 27. The City Collector.

It shall be the duty of the city collector to collect the city taxes, fines, levies and assessments, under such regulations as may be prescribed by law and the ordinances of the city; and in case the same are not paid within one month after they are placed in his hands for collection, he may distrain and sell therefore in like manner as the officer collecting the state taxes may distrain therefore, and he shall have in all other respects the same powers to enforce the payment and collection thereof; his compensation shall not exceed five percent of the amount duly collected and accounted for, he shall account for pay over all taxes, fines, levies and assessments in accordance with the ordinance prescribed by council. In case the collector shall fail to collect, account for and pay over all monies with which he may be chargeable, belonging to the city, according to the conditions of his bond and ordinances of the council, the city shall have the right in its corporate name to recover the same by action or motion in the circuit court of Tucker County, or where the sum does not exceed his jurisdiction, before a justice of the peace against the collector and his sureties or any of them, or his of their personal representatives, upon giving ten days notice of any such motion. The collector shall on the last day of each month, file with the recorder a sworn, itemized statement, showing his total collections and disbursements for said month; and he shall annually on or immediately before the first day of July, make such settlement with the council as the general laws of this state provide for sheriff's settlements with the county court.

Section 28. The City Assessor.

It shall be the duty of the assessor to make an assessment of the property within the city subject to taxation, substantially in the manner and form in which assessments are made by the assessor of the county, and return the same to the council on or before the first day of June of each year; and for this purpose he shall have access to all public books and records of Tucker County, and to all documents and papers in the hands of the county assessor relating to assessments for state and county purposes, between the first day of April and the first day of June of each year, without expense to the city, and shall have all the powers conferred by law on the county assessors. In case the assessor of the city shall discover any property subject to taxation which has not been listed by the county assessor, or assistant it shall be his duty to list the same, and make a report of the fact, with a description of the property and its owner, to the county assessor or assistant tax commissioner; and it shall be the duty of the county or assistant tax commissioner, to list the same for the state and county purposes, and to make a proper valuation of the same, and report its valuation to the assessor of the city. The assessor of the city shall list the dogs in the city, with the names of the owners thereof, and return the list to the council. The council shall have the power to make and enforce regulations respecting the listing and taxation of dogs in the city, and provide for the impounding and killing such as appear to have no owner, or upon which the tax has not been paid. And it shall have power to make and enforce all needful ordinances respecting the assessment of property. See Code 8-7-1, Section 547, Revisers' note.

Section 29. Exemption from District Poor and Road Levies.

The city shall maintain its own roads and streets; and by reason thereof shall not be required to pay any district road taxes for the construction and maintenance of roads outside of the city limits. See Code 8-7-6, Section 552.

Section 30. Powers and Duties of the Mayor.

The mayor shall be the chief executive officer of the council; he shall recommend such measures as he may deem needful for the welfare of the city. The expense of maintaining any person committed to the jail of the county by him, except that it be to answer an indictment or under the provisions of section two hundred and twenty-eight of chapter fifty of the amended code of this state, shall be paid by the city. But the mayor shall not receive any money belonging to the state or individuals, unless he shall give the bond and security required of a justice of the peace by chapter fifty of the said code, and all provisions of said chapter relating to money received by justices shall apply as to like moneys received by the mayor. The mayor shall have power, when authorized by a proper ordinance of the city, in case of an offender upon whom a fine has been imposed and who neglects or refuses to pay the same, to sentence such offender to work out the amount of the fine imposed, together with the costs of the maintenance of such offender from day to day, by compelling him to labor without compensation upon any of the [illegible] undertaken by the city; he shall

receive such computation per day, to be fixed by the council, as is allowed laborers regularly, until such fines, costs, and costs of maintenance shall have been fully paid; provided, that no person shall be compelled to labor as aforesaid for more than thirty days for any one offense.

Appeals shall lie from the judgment of the mayor to the circuit court of Tucker County, under regulations prescribed by law. See Code 8-4-3, Section 487, 8-4-25 (509).

Section 31. Powers and Duties of the Recorder.

It shall be the duty of the recorder to keep the journal of the proceedings of the council, to have charge and preserve all records and archives of the city, and to perform such duties pertaining to his office as the council shall prescribe. In the absence of the mayor from the city, or in case of his sickness or disability to act, or during any vacancy in the office of mayor, the recorder shall perform the duties belonging to the office of mayor and for that purpose shall have and possess all the powers of the mayor. See Code 8-4-4, Section 488.

Section 32. Duties of the City Attorney.

The city attorney shall be the city solicitor and council in all legal matters arising upon which legal proceedings are taken; he shall defend all suits against the city, and when requested in writing, shall give his written opinion to the mayor, the council, or any standing committee thereof, upon such legal questions as may be referred to him affecting the city's interests. When required by the mayor he shall attend and prosecute all trials in his court, and shall prosecute all appeals that are taken from such court to the circuit shall receive such sum as the council may allow.

Section 33. Duties of City Treasurer.

The city treasury shall be one or more of the banks of the city, and shall be selected biannually by the council. The bank or banks which shall be designated city treasury shall be first chosen at the first regular meeting of the council held in February, one thousand nine hundred and eight, and thereafter on the same day each second year. The money deposited therein shall be disbursed only upon order drawn against the same signed and countersigned as hereinbefore prescribed. The treasurer shall on the last day of each month, furnish council a statement showing the amount on hand; and it shall annually, on or immediately before the first day of July, make settlement with the council as the general laws of this state prescribe for sheriff's settlements with the county court.

Section 34. Liquor License.

That said city council shall have, and are hereby granted the exclusive control of all licenses required by law; provided, however, that the council shall cause to be submitted to the voters of the city at the annual election every two years the question whether a license for the sale of spiritous liquors, vinous and malt liquors, shall be granted within the city. In case a majority of votes at said election are against licenses no such license shall be granted the two succeeding; and all such other licenses it may see fit to impose and require within the corporate limits of said city not contrary to the constitution of the state of West Virginia. And in any case of any such license granted by said council it shall not be necessary for the person or persons, or corporation holding the same to apply for, obtain or hold any state license or other additional license from the county court of Tucker County, West Virginia, for the carrying on or conducting the business so licensed by said city council shall not be exempt from paying the usual state license tax required by law. When any such license as hereinbefore mentioned by said council, said council may impose a tax thereon for the use of the city in conformity with the requirements of the state law, and shall also require bond payable to said city in its corporate name, with good security from the person or persons, or corporations so licensed; said bond to be approved by said city council in the same sum and penalty as required by the state law. The said city council shall, upon granting any such license required by law, within ten days thereafter furnish to the county court, the prosecuting attorney, and the assessor of Tucker County, by mail to their respective post office addresses, duly certified copies, under the corporate seal of said city, of the order granting every such license, whereupon such assessor shall cause the sheriff of Tucker County to collect the state tax thereon, in the same manner as if said license was granted by the county court of Tucker County, West Virginia; and said city council may revoke such license at any time, the condition of said bond be broken upon ten days previous notice to the person, persons, or corporation holding the same; and suits may be prosecuted and maintained on such bonds as prescribed in section twenty-two of chapter thirty-two of the code of West Virginia by the same persons in the same manner and to the same extent as upon the bonds mentioned in said section, and all the provisions of said section in relation to the bonds mentioned in said section, and all the provisions of said section in relation to the bonds therein named and mentioned shall be applicable to the bonds required by this section.

Notice for the application for license to sell spiritous liquors, wine, porter ale, beer, and drinks of like nature, shall be given by published in the city, for at least two weeks prior to the date said application is made,and notice of said application shall likewise be filed with the recorder of the city at least two weeks before the application is acted upon; which notice and application shall show the name and residence of the applicant, the particular place for which the license is desired, and who is the owner of the property in which the business is to be carried on. See Code

Section 35. The Police Officers.

The chief of police shall be ex-officio a constable within the corporate limits of his city; he may execute any writ or process issued by the mayor or justice of the peace at any place in Tucker County; he shall have all the powers, rights and privileges within the corporate limits of the city in regard to the arrest of persons, the collection of claims, and the execution and return of process that can be legally exercised by a constable of the district in which the said city is situated, and his sureties shall be liable to all fines, penalties and forfeitures that a constable is liable to for any failure or dereliction in his office, to be recovered in the same manner and in the same courts that the fines, penalties and forfeitures may be recovered against such constable. All special officers shall have and possess all the powers, rights and privileges of a constable of the district within the corporate limits of the city, in regard to the arrest of persons, and the execution and return of all criminal writs and process issued by the mayor; but the council may exempt them from giving the bond required of constables. See Code 8-4-5, Section 489; 8-7-2, Section 548, 8-4-25, Section 509, 8-7-1, Section 547.

Section 36. Right to Condemn Real Estate.

The council shall have the right to institute proceedings in the name of the city for the condemnation of real estate for the use of roads, streets, alleys, drains, public buildings and grounds, including parks and cemeteries, for the use of the city; and the manner of procedure shall as nearly as practicable, conform to the provisions of chapter forty-two of the code. See Code 8-4-12, Section 496.

Section 37. Repeal of Certain Acts.

All acts and parts of acts which are in conflict and inconsistent with this act are hereby declared inoperative in so far as they are in conflict with this act; and this act shall not be construed to take away any of the powers conferred upon said town, or upon the council, or any officer thereof conferred by general law, except so far as the same may be inconsistent with the powers conferred by this act.

Section 38. Rights and Liabilities of the City.

The said city shall succeed to all the rights and liabilities of the said town of Parsons; it shall be liable for all the debts and obligations of the said town the same as if the bond or other evidence of indebtedness were issued in the corporate name of the city.

Section 39. Ordinances.

The ordinances in force in the town of Parsons on the first day of February, one thousand nine hundred and eight, so far as they are not inconsistent with this charter, shall continue in force as ordinances of the city of Parsons until amended or repealed by the council of said city.

NOTE: Many of the provisions of the foregoing charter have been amended or repealed by the Acts of Legislature of West Virginia, which appear in chapter 8 of the Code of West Virginia 1955 and the 1957 Cumulative Supplement to the Code of West Virginia of 1955. See the provisions of Chapter 8 for such changes and the annotations to said Code, which are listed after each section in the foregoing charter.

Resolution No. I

Introduced in Council
January 3, 1989

Adopted by Council
February 7, 1989

Introduced by
Ruth Lou Williams

Referred to
Tucker County Commissi

Resoltuion No. I -- "Applying to the County Commission of Tucker County, West Virginia, to annex certain territory by minor boundary adjustment."

WHEREAS, the owners of a tract of land, containing 6 acres, more or less, located in Black Fork District, Tucker County, West Virginia have agreed that this tract should be incorporated into the Town of Parsons, West Virginia; and,

WHEREAS, annexation will make available City police and fire protection services to this property; and,

WHEREAS, Chapter 8, Article 6, Section 5 of the Code of West Virginia, 1931, as amended, provides for annexation by West Virginia municipalities by a minor boundary adjustment upon petition by such municipality to the County Commission of the county wherein such municipality is situate; therefore, be it

Resolved by the Council of the City of Parsons, West Virginia:

That the Council of the Town of Parsons approves the petitioning of the County Commission of Tucker County, West Virginia, to make a minor boundary adjustment with reference to a certain acre tract, more or less, in form and substance as is set forth in that certain petition, a copy of which is hereto attached; and, be it

Further Resolved, that the Clerk of the Town of Parsons is authorized and directed for forthwith file the same with said County for appropriate action.

IN THE COUNTY COURT OF TUCKER COUNTY, WEST VIRGINIA

RE: MINOR BOUNDARY ADJUSTMENT TO THE TOWN OF PARSONS BEING 6 ACRES, MORE OR LESS, OF LAND ADJACENT TO THE PRESENT CORPORATE LIMITS

THE PETITION OF THE TOWN OF PARSONS TO HAVE A MINOR BOUNDARY ADJUSTMENT OF 6 ACRES OF LAND ADJACENT TO THE PRESENT CORPORATE LIMITS OF THE TOWN OF PARSONS, SITUATE, LYING AND BEING IN BLACK FORK DISTRICT, TUCKER COUNTY, WEST VIRGINIA

TO THE COUNTY COURT OF TUCKER COUNTY, WEST VIRGINIA

Your petitioners respectfully represent unto Your Honors as follows:

I.

The Town of Parsons is a municipal corporation situate, lying and being in Tucker County, West Virginia.

II.

The Mayor and Council of the Town of Parsons is the governing body of the said municipal corporation.

III.

In accordance with Chapter 8, Article 6, Section 5 of the Code of West Virginia, as mended, the Mayor and the Council, as the governing body of the Town of Parsons, your petitioners, hereby make application for a minor boundary adjustment in the boundary lines of said Town of Parsons.

IV.

There is attached hereto a map entitled -

"MINOR BOUNDARY ADJUSTMENT TO THE TOWN OF PARSONS, W. VA.

CHECKED BY: APPROVED BY:

which said map shows the area herein sought to be annexed to the Town of Parsons and showing metes and bounds of said area is marked for identification as Petitioners' Exhibit "A".

V.

The land sought to be annexed is in Black Fork District, Tucker County, West Virginia, The entire tract of land is described in metes and bounds as follows:

This property herein described consists of 6 acres, more or less, and is located in Black Fork District, Tucker County, West Virginia, and more particularly described as follows:

Beginning at a point in the Parsons Corporation limits, thence in a northeasterly direction in the corporation limits, ten (10) feet to the western right of way (R.O.W.) limits (30 feet) of WV Route 41; thence with the meandors of said western R.O.W. limits of WV Route 41 approximately 916 feet, more or less, to a roof bolt (set in concrete), said roof bolt having a reference bearing of N 8° 21' 26" E 742.90 feet to the Point of Beginning (P.O.B.); thence continuing with the meandors of said western R.O.W. limits of WV Route 41 approximately 35 feet, more or less, to a point at the center of the right hand fork of Sawmill Run, said point being a corner with the 0.33 acre parcel of Amos W. Hardy and having a reference being of N 5° 56' 17" E 34.11 feet to the aforementioned roof bolt (set in concrete); thence with the lands of Hardy and Larry A. Mayfield, i.e. Sawmill Run, ten (10) lines N 47° 34' 36" W 184.27 feet to a point in said run; thence N 40° 34' 15" W 222.90 feet to a point in said run at the intersection of the two main forks of said run; thence N 80° 04' 41" W 131.41 feet to a point in said run; thence N 86° 37' 52" W 81.38 feet to a point in said run; thence 77° 46' 56" W 55.49 feet to a point in said run; thencealong the present corporation limits of the Town of Parsons to the place of beginning.

The aforesaid parcel contains 6 acres, more or less, and is shown on a plat of survey dated April 22, 1986 by Triad Engineering Consultants, Inc., which is attached hereto as a part of this description.

VI.

Your petitioners are informed and believe and state that no person resides within the above described territory and the said territory sought to be incorporate in this proceeding comprises 6 acres, more or less.

Your petitioners know of no one who is interested who will be adversely affected by said annexation.

VII.

The change in the boundary of the Town of Parsons described above by metes and bounds for which application is made is a minor boundary adjustment.

P R A Y E R

Your petitioners therefor pray that an order may be entered filing this petition and directing publication and posting of notices that annexation of the above described areas has been proposed in accordance with Chapter 8, Article 6, Section 5 of the Code of West Virginia, as amended, and that this Court set a time for hearing on the question of annexation, and that this Court may enter an order changing and extending the territorial boundary limits of the Town of Parsons so as to

include and embrace the area described in this petition, and as shown and set forth upon the map filed herewith and marked Petitioners' Exhibit "A", and this Court grant such other and further relief as may seem meet. And as in duty bound, will ever pray.

TOWN OF PARSONS, a
municipal corporation

By Ruth Lee Williams

CHAPTER 1

GENERAL PROVISIONS

Section 1. Rules of Construction.

In the construction of this code, and of all ordinances, the following rules shall be observed unless the context clearly requires otherwise:

(1) The City. The words, "The City", means the City of Parsons, in the County of Tucker and State of West Virginia, chartered and incorporated under the laws of the State of West Virginia.

(2) Tense. Words used in the past and present tense include the future as well as the past and present.

(3) Gender. A word importing the masculine gender only shall extend and be applied to females and to firms, partnerships and corporations as well as to males.

(4) Number. Words used in the singular include the plural, and the plural includes the singular number.

(5) Person. The word "person" shall extend and be applied to firms, partnerships, associations, organizations and bodies politic and corporate, or any combination thereof, as well as to individuals.

(6) Writing. The word "writing", or "written" includes printing on paper.

(7) Signature or subscription includes a mark when the person cannot write.

(8) Oath. The word "oath" shall be construed to include an affirmation in all cases in which, by law, an affirmation may be substituted for an oath, and in such cases the words "swear" and "sworn" shall be equivalent to the words "affirm" and "affirmed".

(9) Street. The word, "street", shall be construed to embrace streets, avenues, boulevards, roads, alleys, lanes, viaducts and all other public highways and thoroughfares in the city.

(10) Sidewalk. The word "sidewalk" means a strip of land in front or on the sides of a house or lot of land lying between the property line and the street and other public ways maintained by the city for foot travel.

(11) Council. Whenever the word "council" is used, it shall be construed to mean "the common council" of the City of Parsons.

Section 2. Constitutionality.

If any section, subsection, clause, provision or portion of this code shall be held to be invalid or unconstitutional in a court of competent jurisdiction, such holdings shall not affect any other section, clause, provision or portion of this code which is not in itself and of itself unconstitutional.

Section 3. Effect of repeal of ordinance.

No ordinance or provision shall be construed to repeal a former one as to any offense committed against such former ordinance, nor as to any act done, any penalty, forfeiture, or punishment incurred, or any right accrued, or claim arising, under such former ordinance or provision.

When an ordinance which repealed another shall itself be repealed, the previous ordinance shall not thereby be revived, without express words to that effect.

Section 4. General penalty for violation of ordinances.

Any person violating the provisions of any section of this code, except where penalties are otherwise specifically prescribed, shall be subject to a fine of not exceeding one hundred dollars or imprisonment in the city jail for not exceeding one hundred days, or both, in the discretion of the mayor or the court trying the case.

CHAPTER 2

ELECTIONS

Section 1. Wards.

The territory of said city shall be divided into wards as follows:

First Ward: All of that section of said city lying north and west of the Western Maryland Railroad, and west of Shavers Fork and Cheat River.

Second Ward: All of that section of said city lying east and south of the Western Maryland Railroad, and west of the Blackfork of Cheat River.

Third Ward: All of that section of said city lying north and east of the Western Maryland Railroad between Shavers Fork and Blackfork of Cheat River.

Section 2. Elective Municipal Officers.

The municipal officers of said city shall consist of a mayor, and recorder, to be elected by the voters of the whole city, and two councilmen from each ward, to be elected by the voters of such wards, who together shall form as a common council and who shall receive such common compensation as the council shall from time to time determine, and which shall not be increased or diminished during their term of office.

Section 3. Council to exercise corporate powers.

All the corporate powers of said corporation shall be exercised by said council or under their authority, except when otherwise provided.

Section 4. Qualification of mayor, recorder and councilmen.

The mayor, recorder and councilmen must severally at the time of their election be assessed with property, real or personal, or both in the aggregate of the value of at least two hundred dollars and have paid taxes on the preceding year on property situated within the corporate limits of said city of an assessed value of at least two hundred dollars, and at the time of their election be entitled to vote in said city for members of the common council thereof.

Section 5. Appointive officers and their qualifications.

There shall be a chief of police, city attorney, superintendent of streets, collector-treasurer, and such employees as the council may from time to time require. These several offices shall be filled by appointment, by the common council, and to be held by the appointee during the pleasure of the council and until his successor shall have been appointed and qualified.

Section 6. Election of mayor and recorder.

On the first Tuesday in June, 1958, and every two years thereafter on the first Tuesday in June there shall be elected by the qualified voters of said city a mayor and recorder. The mayor and recorder shall hold their offices for a term of two years, commencing on the first day of July, 1958, and until their successors have been elected and qualified.

Section 7. Election of councilmen; vacancies.

On the same day mentioned in the preceding section, one member of the common council shall be elected in each ward of the city, who shall reside in the ward from which he was elected, and shall hold his office for the term of two years or until his successor is elected and qualified. On the same day mentioned in the preceding section, one member of the common council shall be elected in each ward of the said city, who shall reside in the ward from which he is elected, and shall hold his office for a period of four years from the first day of July next succeeding his election, or until his successor is elected and qualified; on the same day of every second year thereafter, one member of the council shall fill such vacancy by appointment, until the next general election, when some qualified person residing in the ward shall be elected. Each ward shall constitute an election precinct and the council of the city, in office at the time of the passage of this act, shall establish a voting place in each ward, at which the first election above provided for shall be held and, unless such new places be established, the election shall be held at the several places now established therefore. No voter shall be allowed to vote at any city election except in the ward in which he resides.

Section 8. Qualification of voters.

All persons who are qualified by the laws of the state of West Virginia to vote in a state or county election shall be entitled to vote at any municipal election in said city, provided he has been a resident of said city for four months next preceding said election.

Section 9. Mode of voting; law governing.

The mode of voting shall be by ballot, but the voter shall be left free to vote an open or sealed ballot as he may elect. The elections in said city shall be held and conducted, and the result thereof determined, as fixed by the laws of this state, relating to general elections, as they exist at the time any such election is being held, except that the persons conducting said elections shall, on the day after the election is held, deliver the ballots to the recorder, and thereafter the common council of said city shall meet on the sixth day succeeding said election and canvass the return thereof, and declare the result thereof, and in all respects comply with the requirements of the council and the statute relating to general elections as they are in force at the time of holding said election. The corporate authorities of said city shall perform all the duties in relation to such elections required by general law of county courts and officers in the general election laws of this state, and the provisions of the code of West Virginia, in effect at the date of such election, concerning elections by the people, shall govern such election laws shall have the same force and effect as if they were specially enacted for corporate elections.

Section 10. Determination of ties.

Whenever two or more persons shall receive an equal number of votes for mayor, recorder, or councilmen, such ties shall be decided by the council in being at the time the election is held.

Section 11. Determination of contested elections.

All contested elections shall be heard and determined by the common council and the contest shall be made and conducted in the same manner as provided for in contests for county and district officers, and the common council, by their proceeding in such cases, shall comply as nearly as practible in conformity with like proceedings of the county courts in such cases.

Section 12. Vacancies.

Whenever a vacancy from any cause shall occur in any office the council shall by a majority vote of those present fill such vacancy until the next election.

Section 13. Oaths of Officers.

The mayor, recorder and councilmen provided for in this act shall each, before entering upon the duties of their office, take the oath or affirmation prescribed by law for all officers in this state. Said oath or affirmation may be taken before any person authorized to administer oaths under the laws in force at the time the same is taken, or before the mayor or recorder of said city, but in any event a copy of said officers shall be filed with the recorder.

Section 14. When Officers duties begin.

The mayor, recorder and councilmen shall enter upon the duties of their offices on the first day of July next after their election, or as soon thereafter as they have qualified; and all officers shall remain in office until their successors are elected and qualified or until removed therefrom.

Section 15. Procedure when Officer-Elect is ineligible or fails to qualify.

If any person elected to any office shall not be eligible thereto under the provisions of this act or shall fail to qualify as herein required, the council shall declare his said office vacant, and proceed to fill the vacancy as required by this act.

CHAPTER 2

AN ORDINANCE TO AMEND CHAPTER 2, ELECTIONS, BY ADDITION OF SECTION 16 AND 17, SETTING FORTH TYPE OF ELECTION, METHOD OF FILING, FILING DATES, FILING FEES AND REGULATIONS, FINANCIAL REPORTING.

Section 16.

There shall be no primary or convention; candidates will file for office and run as non-partisan.

The filing period shall be from 8:00 A.M. on the first Monday in April through 12:00 midnight on the following Friday. Any filing forms postmarked by midnight on that Friday shall be accepted and considered timely filed.

Each candidate filing for such office shall file on the State approved filing forms available from the City Recorder.

There shall be a filing fee of 1% of the annual salary of the office being sought with a minimum fee of $10.00 and a maximum fee of $50.00

All citizens registered to vote and living in the city limits of Parsons shall be eligible to vote for non-partisan candidates.

All citizens registered to vote and living in the city limits of Parsons shall be eligible to vote for non-partisan candidates.

The candidate receiving the highest number of votes shall be elected for each office.

Section 17.

Each candidate shall file a financial report pertaining to election expenses using the State financial reporting forms. These forms can be obtained at the City office.

The reports shall be filed between 5 and 10 days preceding the election and not more than 20 days following the election.

All other procedures for elections shall follow the Code if West Virginia, Chapter 3 for Election Laws.

THIS ORDINANCE SHALL BE EFFECTIVE FROM THE DATE OF ITS ADOPTION.

Adopted February 16, 1982

Wanda Gail Blume, Recorder Bradley J. Ramsey, Mayor

AN ORDINANCE CHANGING THE TIME OF CITY ELECTION

BE IT ENACTED AND ORDAINED: By the Common Council of the City of Parsons, Tucker County, West Virginia, that Sections 6 and 7 of Chapter 2 "Elections" be repealed and enacted as follows:

Section 6. Election of Mayor and Recorder

On the first Tuesday in May 1980 and every two years thereafter, on the first Tuesday in May there shall be elected by the qualified voters of the said City a Mayor and Recorder. The Mayor and Recorder shall hold their offices for a term of two years, commencing on the first day of July, 1980, and until their successors have been elected and qualified.

Section 7. Election of Councilmen - Vacancies

On the same day mentioned in the preceding section, one member of the common council shall be elected in each ward of the City, who shall reside in the Ward from which he was elected, and shall hold his office for the term of two years or until his successor is elected and qualified. On the same day mentioned in the preceding section, one member of the common council shall be elected in each ward of the said city, who shall reside in the ward from which he is elected, and shall hold his office for a period of four years from the first day of July next succeeding his election, or until his successor is elected and qualified; on the same day of every second year thereafter, one member of the council shall be elected in each ward, whose term of office shall begin on the first day of July succeeding and continue for the term of four years, and until his successor is elected and qualified; but if any member of the council moves from the ward in which he was elected, his office shall thereby become vacant, and the council shall fill such vacancy by appointment, until the next general election, when some qualified person residing in the ward shall be elected. Each ward shall constitute an election precinct and the council of the city, in office at the time of the passage of this act, shall establish a voting place in each ward, at which the first election above provided for shall be held and unless such new places be established, the election shall be held at the several places now established therefore. No voter shall be allowed to vote in any city election except in the ward in which he resides.

This Ordinance Shall be Effective from the Date of It's Adoption.

Adopted: February 20, 1980 on Third and Final Reading

Burley R. Bohon, Acting Mayor

Bradley J. Ramsey, Acting Recorder

CHAPTER 3

MAYOR AND POLICE COURT.

Section 1. Powers of the Mayor.

The mayor shall be the chief executive officer of the city, and shall take care that the orders, bylaws, ordinances, acts and resolutions of the council thereof are faithfully executed. He shall have control of the police of the city and may appoint special police officers whenever he deems it necessary, and may suspend any police officer, upon written charges, until the next meeting of council. It shall be his duty especially to see that the peace and good order of the city are preserved and that persons and property therein are protected. The mayor from time to time shall recommend to the council such measures as he shall deem needful for the welfare of the city. He shall have all of the powers and duties granted by the laws of the state of West Virginia and shall be subject to all of the provisions thereof. The mayor shall be entitled to vote as a member of council only in the case of a tie vote. No member of council shall vote upon an order, measure, resolution, or proposition in which he may be interested, other than a citizen of said city.

Section 2. Salary of Mayor.

The mayor for his public services as chief executive officer of the city, shall receive such amount as an annual salary as the city council by resolution shall prescribe, not to exceed the total amount of $900.00 (changed to $1,200.00 April 1982) dollars a year, but such salary shall not be increased or diminished during his term of office.

Section 3. Power of mayor in emergencies.

If at any time any matter shall come to the attention of the mayor which affects the peace and good order of the city, or the health, welfare or morality of any of the inhabitants thereof and no specific ordinance, bylaw, rule or regulation has been passed or adopted by the city council covering such matter, the mayor shall nevertheless take such action, not contrary to the laws of this state, as in his opinion is necessary on the premises.

Section 4. Mayor and other officers and employees without authority to excuse fines or posting bonds.

Neither the mayor of the municipality nor any other officer or employee of the city shall have the authority to excuse anyone charged with a violation of the city code from paying the fine of posting the bonds required hereinbefore, except as may be authorized by the municipal judge.

Section 5. Jurisdiction.

The council shall establish a police court for the city, which court shall have such jurisdiction and powers as are now or may hereafter be prescribed by general law.

(1) The police court shall have jurisdiction over all offenses against or in violation of the ordinances of said city, and authority to inflict punishments for such violations in the manner lawfully prescribed by such ordinances upon and against offenders or violators of the same, provided, however, that jury shall be allowed in any trial in said court for the violations of any ordinance of the city.

(2) The proceedings for the recovery of the fine or for the enforcement of the penalty prescribed by any ordinance shall conform to the regulations so far as they are applicable, prescribed in chapter fifty of the code of one thousand nine hundred thirty one for the enforcement of penalties against persons convicted for misdemeanors; but the judge of said court by capias pro fine or other process may cause the defendant to be arrested and brought before said court to be dealt with according to law.

(3) In cases where evidence discloses such a violation within the city, a law of the state that, in the opinion of the judge of the police court, the persons accused should be committed to await the action of the grand jury upon an accusation made, the judge of the police court shall have the same jurisdiction and powers as a magistrate in the County of Tucker in regard to the apprehension, commitment and admission to bail of the person so accused; and in the exercise of such jurisdiction and powers shall be governed by the same regulations.

(4) The said court shall have full power and authority to enforce its orders and judgments, by any process of law which may be necessary and proper for the purpose and all processes, executions and orders of said court shall be signed by the judge. Such process and executions shall be directed to the chief of police of said city, and be executed by him or one of his deputies. In the execution of any process or order of said court, the chief of police or deputy shall have the same powers, be governed in his proceedings by the same rules of law, and be subject to the same liabilities as the sheriff of Tucker County, West Virginia, in the performance of like services. There may be charged for the services of such officer the same fees as the sheriff is entitled to charge for like services, but all such fees, as well as all fines imposed by said court, shall be collected by the chief of police, and accounted for and paid by him to the treasurer of the city. The city shall in no event be liable for any such fees.

(5) The judge of said court shall have authority to administer oaths within said city, and shall perform such duties as may be required of the judge of said court, or be prescribed by rule or order of the council. Such judge may charge the same fees for his services as are allowed to be charged by magistrates for like services, and such fees shall be collected by him in like manner as fees of the clerk of the circuit court are collected, but all such fees shall be accounted for by him to the city and paid over to its treasurer.

(6) A docket and other books required for the records and a seal shall be provided for the said court by the council, and the seal may be altered or renewed as the said court may direct. Full faith and credit shall be given to the records of said court and the certificates of its judge, whether the seal of said court be fixed thereto or not, in like manner and with the same effect as if the same were records of the circuit court similarly authenticated.

(7) The said police court shall have power, upon rendering judgment against a defendant charged with the violation of an ordinance of the city, to render judgment against him also for the costs of prosecution.

Section 6. Sessions.

The sessions of said court shall be at such times and places as the council shall by ordinance direct.

Section 7. Judge--Appointment.

A judge of said court shall be appointed by a majority of the Council.

Section 8. Same--Salary.

The salary of the police judge shall be fixed by the Council, not to exceed $75.00 per month.

Section 9. Same--Temporary.

In the event of and during the temporary absence or disability of the police judge, the council shall appoint qualified persons to preside over said court, and perform the duties of the judge thereof, and the judges salary shall be transferred to and paid such temporary judge for the time he serves as such.

ORDINANCE AMENDED AND ADOPTED SEPTEMBER 18, 1979.

An Ordinance amending and readopting Chapter 3, Article 1, Section 8 of the Code of the City of Parsons, West Virginia, setting the salary of the Municipal Police Judge.

Section 8. Same--Salary.

The salary of the Police Judge shall be fixed by the Council, not to exceed $150.00 per month.

This Ordinance shall be effective from passage.

Adopted: December 4, 1984.

John M. Gribble, Mayor Loren D. Metzner, Recorder

CHAPTER 3 - SECTION 10
POLICE COURT

Article 1. Purpose.

An ordinance appending Chapter 3, to specify Municipal Court Costs for judgements against violations of the City Code of Parsons, and to comply with the West Virginia Code requirements of certain costs to be charged.

Article 2. Court Costs.

All criminal proceedings in which a guilty verdict is rendered by the Municipal Court shall be charged court costs amounting to ten dollars ($10.00) and shall, after being collected, remain in the General Fund of the city treasury for use of the City of Parsons.

Article 3. Law Enforcement Training and Certification Fund LET (As mandated by Chapter 30-29-4 of the West Virginia Code).

a. A two dollar ($2.00) fee shall be added to the usual court costs of all criminal court proceedings involving violations of any criminal law of the City of Parsons, excluding violations of municipal parking ordinances.

b. A two dollar ($2.00) fee shall be added to the amount of cash or property bond posted for violation of any criminal law of the City of Parsons, excluding bonds posted solely for the violation of Municipal parking ordinances. Upon forfeiture of such bond, the two dollar fee shall be deposited as provided in subsection (c) of this article.

c. All fees collected pursuant to subsections (a) and (b) of this section shall be deposited in a separate account by the City Treasurer. Within ten calendar days following the beginning of each calendar month, the City Treasurer shall forward the amount deposited to the State Treasurer.

Article 4. Crime Victims Reparation Fund CVR (as mandated by Chapter 14-2A-4 of the West Virginia Code).

a. Every person who is convicted of or pleads guilty to a violation of the City Code of Parsons, other than a traffic offense that is not a moving violation, shall pay the sum of three dollars ($3.00) as costs in the case, in addition to any other court costs that the court is required by law to impose upon such convicted person.

The City Treasurer shall, on or before the last day of each month, transmit all costs received under this article to the State Treasurer for deposit in the state treasury to the credit of a special revenue fund to be known as the "Crime Victims Reparation Fund".

Article 5. Regional Jail and Prison Development Fund (as mandated by Chapter 8-11-1 and 8-11-1A of the West Virginia Code).

a. An additional cost shall be imposed in an amount of not less than twenty two dollars ($22.00) in each proceeding, except that such additional cost shall not be assessed for a traffic offense that is not a moving violation or an offense for which an ordinance does not provide for a period of incarceration.

b. Of the twenty two dollars imposed as an additional cost, two dollars ($2.00) shall be an administrative cost to be retained by the City of Parsons.

c. The City Treasurer shall at the end of each month pay into the regional jail and prison development fund in the state treasury an amount equal to twenty dollars ($20.00) of the costs collected in each proceeding except for traffic offenses that are not moving violations: Provided, that in a case where a defendant has failed to pay all costs assessed against him, no payment shall be made to the regional jail and prison development fund unless and until the defendant has paid all costs which, when paid, are available for use and benefit of the City of Parsons.

Article 6. Ordinance to make Municipal Powers Effective--Right to Injunctive Relief. (As defined in Chapter 8-11-1 of the West Virginia Code.

The Municipal Judge may, at his discretion, cause to be maintained a civil action in the name of the City of Parsons in the Circuit Court of Tucker County, to obtain an injunction to compel compliance with, or to enjoin a violation or threatened violation of, any ordinance of the City of Parsons, and such Circuit Court shall have jurisdiction to grant the relief sought.

A certified transcript of a judgement for a fine rendered by the Municipal Court may be filed in the office of the Tucker County Circuit Clerk and docketed in the judgement lien book kept in the office of the clerk of the Tucker County Commission in the same manner and with the same effect as the filing and docketing of a certified transcript of judgement rendered by a Magistrate Court as provided for in Chapter 50-6-2 of the West Virginia Code.

The judgement shall include costs assessed against the defendant.

ADOPTED BY COUNCIL

, Mayor

, Recorder

Ordinance Chapter 3 As Amended

An Ordinance to amend and reenact Chapter 3 of the Code of the City of Parsons as amended, by adding thereto a new Article designated Article 2 relating to juries for Municipal Court, qualifications, procedure for selection, payment of costs and providing for penalties.

Be it Ordained by the Council of the City of Parsons, West Virginia:

That Chapter 3 of the Code of the City of Parsons be amended by adding thereto a new Article designated Article 2 to read as follows:

ARTICLE 2 - JURIES

Section 2-1. Persons liable to service.

All persons, who are eighteen years of age and not over sixty-five, and who are citizens of this City, shall be liable to serve as jurors, except as hereinafter provided.

Section 2-2. Exemptions and disqualifications.

The judge of the court may, in his discretion, exempt or excuse any person from jury service when it appears that such service would be improper or work an undue hardship. The following persons shall be disqualified from serving on juries: Idiots, Lunatics, Paupers, Vagabonds, Habitual Drunkards, and persons convicted of infamous crimes.

Section 2-3. Jury commissioners; appointment and qualifications; term; removal; vacancies; compensation; oath; powers and duties generally.

There shall be two jury commissioners of the court. They shall be of opposite politics, citizens of good standing, residents in the city, and well known members of the principal political parties thereof. The chairman of a political party shall be ineligible to appointment.

Jury commissioners shall be appointed by the judge. The terms of office shall be four years and shall commence upon appointments.

Jury commissioners may be removed from office by the judge for official misconduct, incompetency, habitual drunkenness, neglect of duty or gross immorality. Vacancies caused by death, resignation or otherwise shall be filled for the unexpired term in the same manner as the original appointments.

Jury commissioners shall receive as compensation for their services, while necessarily employed, an amount to be fixed by the judge of the court, which amount shall not exceed fifty dollars ($50.00) per day of actual service, which shall be payable out of the city treasury upon orders of the judge.

Before entering upon the discharge of his duties, a jury commissioner shall take and subscribe, before the clerk of the court, who is hereby authorized to administer the same, an oath, to be filed and preserved by him in his office, to the following effect:

State of West Virginia,
County of Tucker, to wit:

I, , do solemnly swear that I will support the Constitution of the United States and the Constitution of this State and will faithfully discharge the duties of jury commissioner to the best of my skill and judgment, and that I will not place any person upon the jury list in violation of law, or out of fear, favor or affection.

Section 2-4. Preparation of jury list.

The jury commissioners shall annually at such time as may be designated by order of the court prepare, without reference to party affiliations, a list of such inhabitants of the city, not exempted or disqualified by law as aforesaid, as they shall think well qualified to serve as jurors, being persons of sound judgment, of good moral character, and free from legal exception, which list shall include not less than fifty (50) nor more than two hundred (200) persons. The name of no person shall be put on such list who shall have been drawn and who actually served as a petit juror in any court of record within a period of two years prior thereto, or who shall have requested the jury commissioners or either of them, by himself or another person, to have his name placed on such list; and any such person shall be disqualified from serving as a juror for the period of two years from the date of such service or from the time of making such request.

Section 2-5. Custody of jury list; striking off names.

The list so prepared shall be delivered to the clerk of the court, and by him safely kept. It shall be subject to inspection only by the court, or the jury commissioners, or the clerk of the court, as hereinafter prescribed. Such court, or the jury commissioners, may strike from such list the name of any person who has been convicted of any scandalous offense, or been guilty of any gross immorality, and substitute another in his place.

Section 2-6. Preparation and custody of ballots.

At the time such list is made out, the jury commissioners shall also cause all the names upon the same to be fairly written, each on a separate paper or ballot, and shall fold or roll up the ballots so as the resemble each other as nearly as may be, and so that the name written thereon shall not be visible on the outside, and shall deposit the ballots in a secure box, to be prepared for the purpose, which shall be known as the "jury box" and shall be safely kept by the clerk of the court, and shall be opened only by the order of the jury commissioners, or as hereinafter prescribed.

Section 2-7. Selection of trial jurors.

All jurors required for the trial of cases in the court shall be selected by drawing ballots from the jury box in the manner prescribed in this article, and the persons whose names are written on the ballots so drawn shall be returned to serve as jurors.

Section 2-8. Issuance of venire fascias's number of jurors summoned.

The clerk of the court, at the discretion of the judge, shall at least fifteen days before any jury may be wanted, issue a venire facial for thirty jurors, unless the court shall order a greater or less number, in which event the writ shall issue for such other number. Such writ shall require the attendance of the jurors on such day as the judge may order.

Section 2-9. Issuance of summons to jury commissioners.

The jurors chosen in accordance with Section 2-7 shall be chosen by the jury commissioners. The clerk of the court shall issue a summons requiring the jury commissioners to attend at the office of the clerk of the court, on a day named in such summons, which shall be not less than five days before the issuance of said summons, for the purpose of drawing the ballots for the number of jurors mentioned in such writ.

Section 2-10. Service of summons; drawing of jurors; preparation of list.

The writ of venire facias and summons shall be delivered to the chief of police or other officer acting in lieu of the chief, who shall serve the summons on the jury commission and it shall be the duty of the jury commissioners to attend on the day designated in the summons, at the clerks office of the court, and in the presence of the clerk, to draw the proper number of jurors from the jury box, and to make a list thereof to be delivered to the officer serving the summons.

Section 2-11. Special jury commissioners; delivery of list; summoning the jurors.

If either or both of the jury commissioners fail to attend as required by such summons, the clerk of the court shall appoint a special jury commissioner or commissioners, having the qualifications herein required, to act in his or their place and stead, for the time being, and such jurors shall be drawn by such commissioners; and it shall be the duty of the clerk of the court to place the list thereof in the hand of the chief of police or other officer authorized to summon them. And it shall be the duty of such officer, at least three days before the time when the jurors are required to attend, to summon each person who is drawn to attend the sitting of the court at the time and place mentioned in the writ, and make due return thereof, and of the summons aforesaid, to such court, at the opening thereof.

In addition to any other method provided by law, any person named in writs of venire facias, or a summons for jurors, by direction of the court, may be served by the chief of police as provided by law as to service of process.

Section 2-12. Mode of drawing ballots from box; destruction of ballots.

When jurors are to be drawn as aforesaid, the ballots in the jury box shall be shaken and mixed together by one of the jury commissioners, and the jury commissioner shall openly draw therefrom as many ballots (without inspecting the names written on any until the proper number is drawn) as shall be equal to the number of jurors required; and if any person whose name is so drawn is unable by reason of sickness, absence from home or other cause to attend as a juror, his name shall, at the conclusion of such draft, be returned into the box; or if he be exempted by law, or his name has been stricken from the jury list, the ballot shall be destroyed and another shall be drawn in his stead.

Section 2-13. Endorsement on and custody of ballots drawn; notation of jurors drawn on jury list.

When any person is drawn and returned to serve as a aforesaid, the jury commissioners shall cause to be endorsed on the ballot containing his name the word "drawn" and shall cause it to be placed in another box to be kept for the purpose in the custody of the clerk of the court, and opened only as hereinafter prescribed and the date of the draft shall be entered on the list of jurors opposite the name of the person so drawn.

Section 2-14. When ballots to be returned to jury box.

When all the ballots in the jury box have been destroyed or placed in the box for the ballots marked "drawn", except such as contain the names of those who, for the reasons aforesaid, are unable to attend, the last-mentioned box shall be opened in the presence of the officers attending to draw jurors, and the ballots therein replaced in the jury box, from which drafts shall thereafter again be made in the manner herein prescribed.

Section 2-15. Penalty for failure of jurors to attend.

If any person duly summoned to attend as a juror shall neglect to attend without any sufficient excuse, he shall pay a fine not exceeding fifty dollars, which shall be imposed by the court.

Section 2-16. Discharge of jurors; excuse from attendance.

The court, when not incompatible with the proper dispatch of its business, shall have power to discharge persons summoned as jurors therein, or dispense with their attendance on any day of its sitting.

Section 2-17. Competency of jurors.

No juror shall be deemed incompetent because the City of Parsons is a party to the matter to be tried, and the juror is a resident of said city.

Section 2-18. Penalty for failure to draw or summon jurors.

When, by neglect of any of the duties required in this article to be performed by any of the officers or persons herein mentioned, the jurors to be returned shall not be duly drawn and summoned to attend the court, any person guilty of such neglect shall pay a fine not exceeding twenty dollars, to be imposed by the court.

Section 2-19. Compensation of jurors; taxation of jury fees as costs; disposition thereof.

Any person summoned as aforesaid, by virtue of a venire facias or otherwise, to serve as a juror, and actually attending upon the court at the time summoned, whether he be called to serve on a jury or not, shall, for each day he so attends, be entitled to receive the sum of not more than $15.00, which said sum shall include travel expenses and meal allowance, to be paid out of the city treasury. When jury in any case shall be placed in the custody of the chief of police, he shall provide for and furnish such jury necessary meals and lodging while they are in such custody, at a reasonable cost to be determined by an order of the court, and such meals and lodging shall be paid for out of the treasury. There shall be taxed in the costs against any person against whom a judgment on the verdict of a jury may be rendered in a case, and against any person on whose motion

the verdict of a jury is set aside and a new trial granted, a total sufficient to pay the costs of the jury as aforesaid, which, when collected by the clerk from the party, shall be paid to the city treasury. All money so received by the clerk shall be forthwith paid by him to the city treasurer, and the clerk and his surety shall be liable therefore on his official bond as for other money coming into his hands by virtue of his office. The clerk of the court shall at least annually certify to the city treasurer a list of all money so paid to him, and, in addition, thereto a correct list of all the cases in which jury fees have been taxed, and are, at the time, properly due and payable in the city treasury.

Section 2-20. When juror not entitled to compensation.

No juror who shall depart without leave of the court shall be entitled to receive any compensation for his services as a juror.

Section 2-21. Record of allowance to jurors; certification to city treasurer; failure of clerk to comply with provisions.

The clerk of the court upon which juries are in attendance shall quarterly, and under the direction of the court, make any entry upon its minutes, stating separately the amount which each juror is entitled to receive out of the city treasury for his services or attendance during the quarter; and such clerk of the court upon which juries are in attendance, if directed by the court, shall at any time during such period, and under the direction of the court, make an entry upon its minutes, stating separately the amount which each juror is entitled to receive out of the city treasury for his services or attendance during the period. It shall be the duty of the clerk, as soon as practicable to transmit to the treasurer copies of all orders under this section making allowances payable out of the city treasury. Any clerk who shall fail to pay over, as required by law, any monies so received by him, or otherwise to comply with the provisions of this article, shall be deemed guilty of a misdemeanor and fined not less than fifty dollars.

Section 2-22. Payment of compensation.

It shall be the duty of the clerk, as soon as practicable after the adjournment of the court, or before the adjournment of the court at such time as the court may direct, to deliver to each juror a certified copy of any order under the preceding section making an allowance to him, payable out of the city treasury; and the treasurer shall, upon demand, pay to such juror the amount allowed to him.

Section 2-23. Fraud in selection of jurors.

If any persons shall be guilty of any fraud, by tampering with the jury box prior to drawing jurors, or in drawing a juror, or in returning into the jury box the name of any persons which has lawfully been drawn out, and drawing and substituting another instead, or in failing to place such name in the box for the ballots marked "drawn", or in any other way in the drawing of jurors, he shall, on conviction thereof, be punished by a fine not exceeding five hundred dollars.

Section 2-24. Use of terms of gender.

The words "he", "him", "himself", "she", "her", or "herself" when used in this ordinance shall when required by the context thereof, be taken to refer to a male or female person, as the case may be, without regard to gender.

Ordinance Passed by Council November 3, 1982.

CHAPTER 4

RECORDER

Section 1. Duties.

It shall be the duty of the recorder to keep the journal of the proceedings of the council and have charge of and preserve the records of the city. He shall conform with all the provisions of the city charter and the laws of the State of West Virginia, and shall perform such further duties as the council may direct from time to time.

Section 2. Assumed duties of mayor.

In the absence of the mayor from the city, or in the event the mayor is unable to perform his duties, or during any vacancy in the office of mayor, the recorder shall perform the duties of the mayor and be vested with all this powers.

CHAPTER 5

CITY COUNCIL

Section 1. Standing rules of the Council.

1. Regular meetings. There shall be a regular meeting of the council held at the council chamber on the first Friday of each month at seven o'clock in the evening.

2. Special or adjourned meetings. There may be a special or adjourned meeting of the council held at any time fixed by the council.

3. Special called meetings. There may be special called meetings of the council at any time fixed by the mayor or by any three members of the council, but there shall be a notice in writing of any such called meeting served upon every member of the council in person or left at his usual place of abode at least two hours before the time at which such meeting is called, and in said notice it shall be clearly stated for what purpose said meeting is called and, at such meeting, no other matter shall be considered except by the unanimous consent of all the members present.

4. Business council may consider. It shall be proper for the council to consider any public business which may come before it at any meeting of said council, but with the limitation prescribed in the third rule.

5. Notice of regular or adjourned meetings not required. No notice shall be required to be given to any member of the council of the time of holding any regular or adjourned meeting.

6. Meeting to be called promptly by mayor or those designated to act in his stead. The mayor shall promptly call all meetings of the council to order at the time fixed therefore, or in the absence of the mayor or his inability to act, the recorder shall call such meeting to order, or if he be also absent or it shall be improper for him to act, then the members of the council shall choose one of their own number to preside for the time being.

7. Decisions on question of order and appeal therefrom. All questions of order shall be decided by the presiding officer but his decision shall be subject to an appeal to the council upon the demand of any three members and when such demand is made of the presiding officer, without debate, he shall at once put the question, "Is the ruling of the chair sustained"? and direct a roll call of the members and upon such call, every member of the council shall vote unless excused by a majority of the council present or personally interested in the question, and upon such vote being taken, the ruling of the presiding officer shall be sustained unless a majority of the councilmen then present and voting vote "no".

8. Attendance at meetings. It shall be the duty of every member of the council to attend every meeting of the council.

9. Standing committees to be appointed by mayor. As soon as practicable after his term of office begins, the mayor shall appoint from the members of the council the following committees: Finance, Lighting, Municipal Property, Ordinance, Parks and Recreation, Sanitation, Sewers, Streets and Water.

Each committee shall consist of three members, but the number of any committee may be increased at any time by the council. Said committees shall be appointed for a period of two years subject to the rights of the mayor or the council to remove any member of any committee.

10. Conduct of councilmen during meetings. The members of the council, during the meetings thereof, shall be decorous and attentive to the business under consideration and upon demand of the mayor, any member shall take his seat and remain seated and quiet until authorized by the mayor or council to proceed.

11. Motions on original propositions may be required to be in writing. Every motion or proposition made before or presented to the council for its consideration as an original proposition shall be reduced to writing if required by the mayor or any two members of the council.

12. All matters to be referred to committees before council sets thereon. All matters presented to the council for its action shall, before being acted upon by the council be referred by the mayor to the proper committee and a report made thereon by such committee as soon as practicable.

13. Method of Voting. All votes taken, except for the election of city officers, shall be by yeas and nays, but upon the demand of any member made before such vote is taken, the roll shall be called and record made by the clerk of the vote of every member voting.

14. Roll call for votes. All roll calls for a vote shall be made alphabetically and every member shall vote when his name is called unless personally interested in the matter being voted upon or unless excused from voting by the council.

15. Order of business in regular meetings. The order of business before all regular meetings of the council shall be as follows:

First: Roll call and the presence of all members noted by the recorder.

Second: The reading of the proceedings of the last regular meeting and the reading of any intervening adjourned, called or special meetings, and if such proceedings are found correct, they shall be signed by the presiding officer and the recorder, but if found incorrect, they shall be corrected and then signed by said officers.

Third: Unfinished business appearing upon the minutes shall be taken up and advanced or disposed of. NEW BUSINESS.

Fourth: The reports of all committees shall be received and acted upon, by either advancing the matters thereof or finally disposing of the same as seems proper.

Fifth: Petitions and applications of any kind upon which the action of the council is desired, all of which shall be taken up at once, and if the nature thereof is such that the same should be referred to a committee, such action shall be taken, otherwise the same shall be finally disposed of or continued to the next meeting of the council as seems proper.

Sixth: The reports of all city officers, all of which shall be referred to the proper committee or such action taken thereon as is deemed proper.

Seventh: Motions, resolutions, ordinances and all other propositions which any member or other resident of the city wish to submit and which shall be taken up at once without debate, if a resolution or ordinance, and referred to the proper committee, and if any other matter, such action taken thereon as may be proper.

Eighth: Adjournment.

16. Order of business to be completed before adjournment.

No regular meeting of the council shall adjourn until the entire order of business has been bone over, except upon the motion of two members and a majority vote of all members present taken upon a roll call vote.

17. Motions to table or indefinitely postpone propositions.

A motion to lay on the table or to indefinitely postpone any proposition pending before the council shall always be in order upon any reading of such proposition but after said motions, or either of them, have been once made and rejected, the motion so rejected shall not be again made on the same reading of such proposition except by unanimous consent.

18. Consideration of matters indefinitely postponed.

A proposition indefinitely postponed shall not again be taken up except upon the motion of two members and after a majority of the members present have voted to do so.

19. Tabled propositions to be considered at next meeting.

A proposition laid on the table shall be called up at the next meeting of the council as unfinished business.

20. Recorder to keep docket of unfinished business.

The recorder shall keep an accurate docket of all unfinished business which he shall lay before the council at each meeting.

21. Ordinances, etc., to be given three readings before passage except by unanimous consent.

No ordinance, rule, resolution or bylaw affecting the citizens and residents of the city, or any of them unless otherwise expressly provided, shall be passed until it has been fully read on three regular meetings of the council, provided, that by unanimous consent of all the members of the council present this rule may be suspended and the council may take such action as is, by unanimous consent, agreed upon.

22. Ordinances, etc., may be amended or rejected upon any reading thereof.

Any ordinance, rule, resolution or bylaw presented to the council for its action may be amended upon any reading thereof and may be rejected by a majority of the council after any reading thereof, and after being rejected shall not again be presented to the council for its action in the same form in which it was rejected.

23. Motions to refer to committee or to recommit.

A motion to refer to a committee or to recommit any proposition pending before the council shall always be in order but after the council has once refused to recommit such proposition, the motion shall not be again entertained at the same meeting except by unanimous consent, or until after such proposition has been amended.

24. Citizens speeches limited to fifteen minutes except by unanimous consent.

Any citizen or taxpayer of the city may be heard either in person or by council upon any matter introduced or pending before the council, but no speech or hearing shall extend over fifteen minutes to any person except by the unanimous consent of the council.

25. Limitation on time and number of speeches any member shall make on same proposition.

No member shall speak more than twice, nor more than ten minutes each time, upon any proposition pending before the council, except by unanimous consent of the council.

26. Certain motions to be decided without debate.

A motion to adjourn, to lay any measure on the table or to indefinitely postpone any measure shall be decided without debate.

27. Time limits on debates.

No debate upon any proposition pending before the council shall exceed beyond thirty minutes except by unanimous consent of council.

28. Committee reports to be signed by majority thereof.

The reports of all committees shall be in writing and signed by at least a majority of such committee.

29. Councilmen not to leave meeting without consent.

No member shall leave a meeting of the council except by consent of the council.

30. Councilmen to elect city officers by ballot.

The city officers who are appointed by the council shall be elected by ballot, and no person shall be declared elected unless he receives a majority of the votes cast by the councilmen voting.

31. Manner of addressing council.

Any member of the council or other person before addressing the council shall arise to his feet, respectfully address the presiding officer and remain standing while delivering his address.

32. First of two persons addressing chair to be recognized.

If at any time two or more persons desire to address the council at the same time, the presiding officer shall recognize the person who first addressed the chair and the other shall at once be seated.

33. Presiding officer may clear council chamber of all except certain persons.

The presiding officer may at any time require all persons except members of the council, the recorder and the chief of police to retire from the council chamber.

34. Chief of Police to attend council meetings, preserve order there and enforce orders of mayor.

It shall be the duty of the chief of police to attend all meetings of the council and preserve order both in the council chamber and also in the vicinity thereof, and enforce all orders of the mayor by arresting without warrant anyone who refuses to obey any order given by the mayor, and the person so arrested shall be confined in the city jail until such time as the mayor can hear a charge against such person.

35. Charges against city officers.

Charges against any city officer shall be in writing, shall specifically and fully state the offense or misconduct charged against such officer, shall be verified by the affidavit of some creditable person, shall be regarded as privileged, shall be taken up when presented and regardless of what business is then pending shall at once be give precedence over all other business and if, upon the reading thereof, the council is of the opinion that such charges should be investigated, a time shall be fixed for the speedy hearing thereof and the accused officer given immediate notice of such charges and of the time fixed for the hearing thereof. At the time fixed for such hearing, the council shall hear such witnesses as it deems necessary and pronounce such judgment as it deems proper, either removing said officer or reprimanding him, if found guilty, or dismissing the charges at the cost of the person making the same, if not sustained. No judgment of the council pronounced under this rule shall be held to bar any civil or criminal proceeding against such officer.

36. Contracts above certain amounts to be advertised except upon unanimous consent.

No contract involving the expenditure of the funds of the city to the amount of $500.00 or more shall be awarded without advertising same for at least two weeks in some newspaper in the city except upon unanimous consent of the council.

Section 2. Requirements for appointive positions.

All appointive officers of the city to be appointed by the common council, including the chief of police, city attorney; superintendent of streets, sidewalks and sewers, city collector and treasurer, water purifier and other permanent officers appointed in the city by the common council, shall be elected by the council.

Section 3. Compensation of Public Officers.

The city council shall prescribe such compensation as the city officers shall receive for their public services, subject to the limitations laid down in this code, and the same shall be paid out of the city treasury, but the public salary of no city officer shall be increased or diminished during his term of office.

CHAPTER 6

OFFICERS AND EMPLOYEES

ARTICLE 1

CITY COLLECTOR AND TREASURER

Section 1. Election, term of office, qualifications, etc.

The city collector and treasurer shall be elected by the council at the first regular meeting held in the month of July of each even year, or as soon thereafter as practicable. He/she shall be a citizen and qualified voter of the city at the time of his election, and shall hold his office during the pleasure of the council, for a term of two years or until his successor is elected and qualified. His/her term of office shall commence immediately upon his qualification.

Section 2. Bond and oath of office.

Before entering upon the discharge of his/her duties, the city collector and treasurer shall take and subscribe the oath of office as required by law in such cases for the faithful performance of his duties, and he/she shall also execute an official bond with a solvent corporate surety in such penalty as the council may from time to time prescribe, but such bond, until otherwise provided, shall be in the minimum penalty of ten thousand dollars, to be approved by the council and, when approved, to be reported and filed by the recorder as required by law. Said council shall have the right at all times to require the penalty of said bond to be increased or additional bonds to be given by the city collector and treasurer.

Section 3. General powers, duties, etc.

The city collector and treasurer shall collect assessments, levies, licenses, water rents and all other bills, accounts and charges placed in his hands by the council, and such as may be required by law, and shall duly receipt for the same. He shall be chargeable with all such taxes, levies, licenses, water rents, charges, or other collections placed in his hands for collection, and shall account for the same to the council as required by law. He may distrain and sell therefore in like manner as the sheriff may distrain and sell for state taxes, and he shall in all other respects have the same power as the sheriff to enforce the payment and collection thereof. A full and complete set of books, showing monies received and disbursed on account of the city, shall be kept.

Section 4. Keeping or paying out money.

The city collector and treasurer shall act as treasurer and shall pay, as presented to him, all orders allowed by the council, when properly signed by the mayor and recorder, when there are funds in his hands sufficient to pay the same. He shall keep all monies collected by him in banks in his name as such collector and treasurer, to the credit of the city, subject to his check. He shall not pay out of any such funds except upon such orders as are herein specified and as allowed by law; provided, that at the expiration of his term of office, upon the order of the council, signed by the mayor and recorder, he shall pay over to his successor in office all the monies remaining in his hands and with which he is chargeable.

Section 5. Liens for taxes, fines, etc.

There shall be a lien on all real estate and personal property within the city for the city taxes assessed thereon, and for all fines and penalties assessed to or imposed upon the owners thereof by the authorities of such city, including expenses for making sidewalks and streets, pavements and sewers for the time the same are so assessed or improved, which shall have priority over all other liens except taxes due the United States, and taxes due to the state and county, and such lien may be enforced by the council in the same manner provided by law for the enforcement of the lien for state taxes.

Section 6. Monthly reports to council, settlement of accounts.

It shall be the duty of the city collector and treasurer to make a report to the council at its regular meeting each month of the gross amount collected and disbursed by him during the preceding month and the balance remaining at the end of the month. Said collector and treasurer shall make full settlement of his accounts in the manner required by the state tax commissioner and as the council may require.

Section 7. Salary, rules, etc., to which collector subject.

The city collector and treasurer shall receive for his services such compensation as the city council from time to time may prescribe, to be paid monthly out of the general funds belonging to the city, by an order to be allowed by the council at the regular meeting each month. The city collector and treasurer shall be subject to the provisions of the city charter and the acts of the legislature relating to his office, and also to such acts and ordinances as the council may from time to time adopt.

Section 8. Fees collected to be paid into city treasury.

All fees authorized by law or ordinance to be collected by the city collector and treasurer for any services shall, when received by said collector and treasurer, be paid by him, into the city treasury.

ARTICLE 2
CITY ATTORNEY

Section 1. Powers, duties, salary, etc.

The council shall appoint a city attorney, who shall be an attorney at law, admitted to practice in the State of West Virginia. He shall be the legal adviser, attorney and counsel for the city and for the officers thereof in matters relating to their official duties. He shall prosecute and defend all suits, actions and procedures for and in behalf of the city, shall prepare all contracts and other instruments in writing in which the city is concerned and shall endorse on each his approval of the form and correctness thereof. He shall, if required by the mayor, appear and assist in the prosecution of persons arrested for violation of the laws and ordinances of the city of the laws of the state of which the mayor may have jurisdiction. The mayor or any member of the council may require the opinion of the city attorney upon any question of law involving their respective powers and duties. The city attorney shall be appointed by the council at the first regular meeting of the new council, after a city election, and he shall continue in office at the pleasure of the council for a term of two years, at a salary to be fixed by the council in advance.

ARTICLE 3

POLICE OFFICERS

Section 1. Appointment, salaries, etc.

At the first regular meeting of each new council, a chief of police and such other police officers as the council may deem necessary shall be appointed for a term of two years, at the will and pleasure of the council, at such salaries as the council may from time to time provide in advance.

Section 2. Rights and duties of police officers.

The chief of police and any other police officers employed under the provisions of the foregoing section shall have all of the rights and privileges provided by the city charter and the laws of the State of West Virginia. They are hereby authorized and empowered to enter any place of business in the city to make, or follow up and arrest persons guilty of any offense against the laws, ordinances, rules and regulations of the city, and said police are further authorized to enter any place of business or other house, where disturbances are going on, and arrest the persons committing such offense, with or without a warrant.

Section 3. Bonds of officers.

All regularly appointed police officers of the city shall give a bond, to be approved by the council, in the penalty of five thousand dollars, signed by some surety company authorized to do business in this state, conditioned that said officer will faithfully perform the duties of his office; provided, that the bond of the chief of police shall be conditioned that he shall faithfully discharge the duties of his office as chief of police of the city, and account for and pay over as required by law and the ordinances of said city, all monies which may come into his hands by virtue of said office.

Section 4. Appointment, compensation, etc., of special police officers.

If at any time in the opinion of the mayor extra policemen are necessary for the protection of persons and property or for the preservation of peace and good order, he shall appoint such number of extra policemen as in his judgment are necessary. Any extra policemen so appointed, shall hold office during the time for which he was appointed, unless sooner removed from his office by the mayor or city council, and shall have the same power to arrest persons as is exercised by the chief of police, and shall have general power to preserve the peace and good order of the city. For their services, such extra policemen shall receive such sum as the council shall, by resolution prescribe.

Section 5. Duty of officers in case of breach or threatened breach of peace.

It shall be the duty of the mayor, chief of police, assistant policeman, extra policeman and also of any other city officer who is charged with the duty of preserving the peace and good order of the city to go at once to the scene of any disturbance of threatened breach of the peace as soon as they know of the existence of such disturbance, breach of the peace or threatened breach of the peace, and command the peace and it shall at all times be the duty of such officers, or any of them, to arrest without warrant any person who commits a breach of the peace or violates any of the city laws, ordinances, rules or regulation in their presences, and if any such officer have credible information that any person has committed a breach of the peace or been guilty of violating any of the laws, ordinances, rules and regulations of the city, or any laws of this state within the city, such officer shall make proper complaint on oath before the mayor or some other proper peace officer and ask that a proper warrant be issued for such offender.

Section 6. Citizens may be deputized to assist police.

The mayor, chief of police, assistant policeman, extra policeman or any other peace officer of the city, may call to his aid and assistance any citizen in making any arrest or to aid him in preserving the peace and the person so called upon shall assist such officer to the uttermost of his ability and if he fails to do so, he shall be deemed guilty of obstructing an officer in the discharge of his official duty.

Section 7. Indemnity bond may be required of special police officers.

The mayor in his discretion may from time to time appoint special police for such purpose as he may designate and he may require each such special officer to give bond in the penalty not to exceed one thousand dollars with good security approved by said mayor, conditioned that said special officer shall indemnify and save harmless on account of any unlawful or improper acts done by said special officer and to satisfy and pay any damages that may be sustained by any person by reason of any unlawful or improper act done by said special officer while acting as such.

Section 8. Prisoners may be worked on streets, etc.

Any person sentenced to imprisonment for a violation of any of the laws, ordinances, rules and regulations of the city may also be sentenced to work upon the streets, alleys and roads of the city or upon any other public work the city may have under construction, until the amount of the fine, costs and expenses against such person is satisfied, which labor shall be performed under the direction and supervision of the superintendent of streets and an allowance shall be paid for each hour such person may be compelled to work until the fine, costs and expenses assessed against him are fully paid, the amount of such hourly allowance shall be at the rate then paid by the city for similar labor. The chief of police may charge against any person convicted of an offense against any of the laws, ordinances, rules or regulations of the city, his board, at the rate of one dollar per day, for the time he is confined in the city jail and also all other actual necessary expenses incurred in keeping such person therein and, in case the person so convicted and sentenced to work does not perform sufficient work to fully satisfy the fine, costs and expenses assessed against him, the same may be collected by execution to be issued by the mayor and in order to enable the mayor to issue such execution against a person sentenced to perform labor, it shall be the duty of the superintendent of streets to report the amount of labor performed by such person and the chief of police to report the expenses incurred by him, including board after the time of sentence, and the mayor shall show by endorsement upon the execution the amount of such labor credited thereon and the expenses charged against said labor.

CHAPTER 17

WATER DEPARTMENT

SECTION 1. Furnishing water in competition with city; compliance with regulations, etc.

It shall be unlawful for any person to furnish water in competition with the city; provided, that any person may furnish water for his own use. It shall be unlawful for any person to use water from the mains or service pipes of the city without first complying with the rules, regulations and schedules of water rates set forth in this chapter.

SECTION 2. Water Superintendent.

The care and maintenance of the entire water system of the city shall be entrusted to a water superintendent, who shall be elected by the council at the first regular meeting of the council each even year, to serve at the will and pleasure of the council, for a term of two years, at such salary as the council may set in advance.

SECTION 3. Applications and permits to use water.

All applications for the introduction or supply of water to any premises, or for the extension of any pipe conveying water, must be made in writing by the owner of the premises or his authorized agent to the city collector-treasurer. Such application shall state fully the use to which the water is to be applied and the place where the mains or pipes are to be tapped.

No permit to use the water shall be granted except to the property owner or his agent, and he shall be responsible for the compliance with the established rules and regulations governing the supply and introduction of water and rates thereof.

SECTION 4. Certain uses of water may be forbidden in case of scarcity.

The water superintendent shall have the right, in case of scarcity of water, to discontinue the use of all sprinklers, fountains, motors, etc., and may restrict the use of water to essential purposes during the time of scarcity and the said water superintendent shall be the judge of such scarcity.

SECTION 5. Waste of unnecessary use of water.

Consumers shall prevent unnecessary waste of water, and shall keep their sprinklers, pipes, hydrants, faucets, valves, hose and all other apparatus in good condition at their own expense. All water outlets shall be kept closed when not in actual use, and water must not be left running to prevent freezing in the pipe or for any other reason.

SECTION 6. Installation, inspection, etc., of water meters; minimum charge.

The city council reserves the right to set meters and charge meter rates. Customers shall have the right, at their option, to put in meters and pay meter rates; provided, the kind of meters shall be designated by the council or the water superintendent. Whenever meters are used they shall be placed under the direction of the water superintendent, and the cost of the meter and placing of same shall be paid by the city. The city officers shall have access to said meters at all reasonable times for the purpose of inspection and care.

Where meters are placed on the premises of any user of water, the same shall be read at the end of each month or quarter, as prescribed by the council, and collections made the same as with other users, and each user shall be entitled to the reduction for prompt payment, as provided in this chapter.

SECTION 7. Water rents; discounts, liens, etc.,

All water rents for the water furnished by the city shall be due and payable to the city collector-treasurer either monthly or quarterly, as the council may prescribe, in advance, at the office of the collector on the first day of each month or quarter, and if paid within ten days of the time due, then a discount of 2-1/2% shall be allowed by the city collector and if not paid within thirty days from the time such rent is due, the water superintendent shall, when directed by the city collector-treasurer, shut off the water supply from the premises where the default has been made and the water supply from the premises shall not again be turned on by the water superintendent until notice in writing shall be given by the said city collector that all water rents and penalties in arrears are paid. From the time the water rent becomes due it shall constitute and be a lien against the property which is supplied with water and shall have priority against all other liens except taxes or demands due the United States and the lien for taxes due the state or county; and such lien may be enforced in the same manner provided by law for the enforcement of the lien for county taxes and any time after six months after said lien attached the city may in its corporate name proceed to the enforcement of said lien against the real estate chargeable therewith by a suit in equity.

SECTION 8. Returns to be made by the collector-treasurer.

The Collector-Treasurer shall keep all such records and make all such reports as may be required by the rules and regulations of the public service commission, or which may be required by the council, by resolution.

SECTION 9. Tapping of water mains or turning on water.

The introduction of service pipes for the supply of water into any premises shall be under the direct supervision of the water superintendent, or his authorized agent.

Any person not authorized by the water superintendent who shall be found tapping the water mains, or turning on the water, shall be fined ten dollars, and the introduction of the water shall not be allowed until the said fine is paid.

SECTION 10. Fixtures and service pipes from building to main.

All persons taking water must keep their service pipes and fixtures connected therewith in food repair and protected from frost at their own expense.

SECTION 11. Right of access and inspection of plumbing.

All apparatus, pipe and fixtures, wherever the same may be located, shall be subject to the inspection of the city authorities or their agents, who shall have free access at reasonable hours to all parts of the premises supplied with water for the purpose of inspection and examination.

SECTION 12. Damaging waterworks, etc.

It shall be unlawful for any person to interfere with, molest or destroy the waterworks, reservoir, pipes, branches, fittings, faucets, fire plugs, hydrants, or any part thereof, or any property or building belonging or appertaining thereto. A penalty of not less than one dollar nor more than one hundred dollars shall be imposed upon any person who shall be found guilty of a violation of this section.

SECTION 13. City not liable for damages by reason of water.

It is expressly stipulated by the city and the consumers of water from the water works, that no claims shall be made against the said city by reason of the breaking of any pipe, or for any failure for the supply of water.

SECTION 14. Where two families are supplied from the same service pipe.

In case any two or more families are supplied with water from the same service pipe, if either of the parties fail to pay the water rent when due, or fail to comply with any rule of the water superintendent, or of the council, the city shall turn off the water from such pipes until the rent is paid or the rule is strictly complied with or both.

SECTION 15. Guarding and lighting excavations.

It is hereby made the duty of every plumber, or any other citizen, in making water connections to erect suitable barriers to guard all excavations in the public streets and alleys, and to properly light the same with lanterns, flares or other means, at night, so that the location of the excavation may be seen and determined, and to guard all persons walking on the streets or alleys at night.

SECTION 16. Rates.

The rates charged for the use of water from the city mains shall be such as are approved by the city council and the Public Service Commission, and on file in the Mayor's office.

SECTION 17. Tapping fees.

Tapping fees shall be fixed by the council and a schedule filed in the Mayor's office.

SECTION 18. Penalty.

Any person violating any provision of this chapter or any of the regulations relating to the use of city water, shall be guilty of an offense and on conviction thereof, fined not less than one dollar nor more than one hundred dollars for each offense, and on being convicted a second time for such offense may be confined in the city jail for a period not to exceed thirty days, in addition to such fine.

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SEWER USE ORDINANCE

1. DEFINITIONS

Unless the context specifically indicates otherwise, the meaning of terms used herein shall be as follows:

a. "B.O.D." or "Biochemical Oxygen Demand". The quantity of oxygen expressed in milligrams per liter utilized in the biochemical oxidation of organic matter under standard laboratory procedures of five (5) days at 20 degrees Centigrade.

b. "Building Drain". That part of the lowest piping of a drainage system which receives the discharge from soil, waste, and other drainage pipes inside the walls of the building and conveys it to the customer service line, and/or to the lateral sewer.

c. "Building Sewer". The extension from the building drain to the customer service line and/or lateral sewer.

d. "City". The City of Parsons, Tucker County, West Virginia, a municipal corporation incorporated under the laws of this state.

e. "Combined Sewer". A sewer receiving both surface runoff and sewage.

f. "Customer". A customer is a person, corporation, partnership or association and is that party whether owner or tenant, utilizing sewer service furnished by the City to a property.

g. "Customer Service Line". The extension from the building drain of any structure to the lateral of a sanitary sewer controlled by the City.

h. "Garbage". Solid wastes from the preparation, cooking and dispensing of food and from the handling, storage and sale of produce.

i. "Governing Body". The mayor and council, together, who are charged with the responsibility of enacting ordinances and determining the public policy for the City.

j. "Improved Property". Any property located within the City upon which there is ecected a structure intended for continuous or periodic habitation, occupancy or use by human beings or animals and from which structure sanitary sewage and/or industrial wastes are or may be discharged.

k. "Industrial Waste". Any garbage, refuse or sludge from a waste treatment plant, water supply treatment plant or air pollution control facility and other discarded material including solid, liquid, semi-solid, or contained gaseous material resulting from industrial, commercial, mining and agricultural operations, and from community activities, but does not include solid or dissolved material in domestic sewage or solid or dissolved materials in irrigation return flows.

l. "Lateral". That part of the sewer system extending from a sewer located in the street to the curb line; or, if there shall be no curb line, to the property line; or, if no such lateral shall be provided, then "Lateral" shall mean that portion of, or place in, a sewer which is provided for connection of any customer service line.

m. "Natural Outlet". Any outlet, including storm sewers and combined sewers, which flows into a watercourse, pond, ditch, lake, or other body of surface or groundwater.

n. "Owner". Any person, corporation, partnership or association vested with ownership, legal or equitable, sole or partial, in any real property.

o. "Person". Any individual, firm, company, association, society, corporation, partnership or group.

p. "pH". The reciprocal of the logarithm of the hydrogen ion concentration. The concentration is the weight of hydrogen ions, in grams, per liter of solution.

q. "Public Sewer". A sewer in which all owners of abutting properties have equal rights and that is controlled by the City.

r. "Right-of-Way" or "Easement". An acquired legal right for the specific use of land owned by others.

s. "Sanitary Sewage". Normal water-carried household and toilet wastes from any improved property. The preferred term is wastewater.

t. "Sanitary Sewer". A sewer controlled by the City that carries liquid and water-carried wastes from residences, commercial buildings, industrial plants and institutions, and to which storm, surface and ground waters are not intentionally admitted.

u. "Sewer". Any pipe or conduit that carries wastewater domestic drainage, sanitary wastes, or industrial wastes.

v. "Sewer System". All wastewater facilities, owned by the City, for collecting, pumping, treating and disposing of sanitary sewage or industrial wastes.

w. "Significant Industrial User". Any industrial user that will contribute greater than 10 percent of the design flow or design pollutant loading of the wastewater facilities.

x. "Single Family Dwelling". Any room, group of rooms, house trailer or other enclosure occupied or intended for occupancy as separate living quarters by a family or other group of persons living together, or by persons living alone.

y. "Slug". Any discharge of wastewater which in concentration of any given constituent or in quantity of flow exceeds for any period of duration longer than 15 minutes and is more than 5 times the average twenty-four hour concentration of flows during normal operation and shall adversely affect the collection system and/or performance of the wastewater facilities.

z. "Storm Sewer; Storm Drain". A sewer which carries storm and surface waters and drainage, but excludes sewage and polluted industrial wastes.

aa. "Superintendent". The superintendent of sanitary sewer and wastewater facilities for the City, or his authorized deputy, agent, or representative.

bb. "Suspended Solids". Those solids which are visible and in suspension in the water. Included are the larger floating particles consisting of sand, grit, clay, fecal solids, paper, sticks of wood, particles of food and garbage, and similar materials.

cc. "Wastewater Facilities". The structures, equipment, and processes required to collect, carry and treat domestic and industrial wastes and to dispose of the effluent.

dd. "Watercourse". A channel in which a flow of water occurs, either continuously or intermittently.

2. GENERAL

a. This Sewer Use Ordinance has been enacted in compliance with requirements of the United States Environmental Protection Agency (USEPA) and the West Virginia Department of Natural Resources (WVDNR).

b. In accordance with EPA requirements this Ordinance shall be reviewed by the Governing Body no less often than every two years. Particular items to be included in the review include the wastewater contribution of customers and customer classes and the total cost of operation and maintenance of the wastewater facilities. As a result of the review the Governing Body shall revise the effective rates and charges to accomplish the following:

1. Maintain the proportionate distribution of operation and maintenance costs among customers and customer classes;

2. Generate sufficient revenue to pay the total operation and maintenance costs necessary to the proper operation and maintenance (including replacement) of the wastewater facilities; and,

3. Apply excess revenues collected from a class of customers to the costs of operation and maintenance attributable to that class for the next year and adjust rates accordingly.

c. The City will notify each user, at least annually, in conjunction with a regular bill, of the rates and that portion of the rates which are attributable to wastewater facilities services.

3. USE OF PUBLIC SEWERS REQUIRED

a. It shall be unlawful for any person to place, deposit or permit to be deposited in any unsanitary manner on public or private property within the City, or in any area under the jurisdiction of the City, any human or animal excrement, garbage, or objectionable waste. It shall be unlawful to discharge to any natural outlet or watercourse within the City, or in any area under the jurisdiction of the City, any wastewater or other polluted waters, except where suitable treatment has been provided in accordance with subsequent provisions of this Ordinance, as well as with applicable regulations of the U.S. Environmental Protection Agency, the West Virginia Department of Natural Resources and the West Virginia Department of Health.

b. Except as hereinafter provided, it shall be unlawful to construct or maintain any privy, privy vault, sinkhole, septic tank, cesspool, or other facility intended for wastewater disposal or storage on any property which is presently served by a sanitary sewer of the City.

c. The owners of all houses, buildings, or properties used for human occupancy, employment, recreation, or other purposes, situated within the City and abutting on any street, alley, right-of-way or easement in which there is now located or may hereafter be located a sanitary sewer of the City, are hereby required at the Owner's expense to install suitable toilet facilities therein, and to connect such facilities directly with the proper sanitary sewer in accordance with the provisions of this Ordinance. All sanitary sewage and industrial wastes from any improved property, after connection of such improved property with a sewer shall be conducted into the sanitary sewer, subject to such limitations and restrictions as are established herein or otherwise shall from time to time be established by the Governing Body.

d. Every privy vault, cesspool, sinkhole, septic tank or similar receptacle in existency shall be abandoned and, at the discretion of the Governing Body, shall be cleansed and filled at the expense of the Owner, and any such receptacle not so abandoned and/or cleansed and filled, shall constitute a public nuisance and such nuisance may be abated as provided by law.

4. PUBLIC SEWERS AND EXTENSIONS

a. The Governing Body shall be responsible for maintenance and protection of all sanitary sewers.

b. All extension of the sanitary sewers shall be approved by the City and shall comply with applicable rules and regulations of the West Virginia Department of Natural Resources and the West Virginia State Department of Health.

c. Any person or agency, public or private, paving or repairing a road under which a sanitary sewer has been laid shall be responsible for adjusting the height of manhole frames and covers to make them flush with the road surface.

d. Any person or agency, public or private, changing the elevation of the ground surface above a sanitary sewer shall be responsible for adjusting manhole elevations, correcting sewer structural problems, relocation of sewers, and/or making any other changes directed by the City that shall be required to protect the sewer and provide access to the sewer.

5. APPLICATION FOR SERVICE

a. It shall be unlawful for any person or property Owner to connect with or tap a sanitary sewer, either directly or indirectly, without first having obtained a permit from the Superintendent, acting for and in behalf of the City, which permit may be secured by complying with the procedure hereinafter set forth.

b. The procedure for obtaining a permit for connecting with or tapping a sanitary sewer shall be as provided herein. The property Owner desiring connection shall apply to the Superintendent for a permit. The application for such permit shall be in the following form:

CITY OF PARSONS
PARSONS, WEST VIRGINIA

APPLICATION FOR SEWER TAP PERMIT

The undersigned makes application to tap into the sewer system of the City of Parsons as follows:

Lot Number Block Number
House Number Street or Avenue
Date of Tap: Day Month Year Hour
By: Name Address

The undersigned property Owner, for and in consideration of the granting of the permission to make said tap, does hereby covenant and agree that (a) he will erect all necessary barricades around the proposed construction and will provide red lights for the same between sundown and sunup and will take all other necessary precautions for the protection of the public; (b) he will assume sole responsibility and liability for all claims for injury or damages which may arise or result from said construction; (c) he will save and hold the City of Parsons harmless from any and all claims for damages or actions at law or in equity which may arise, either directly or indirectly, out of the making and completing of the construction of the sewer tap or connection applied for; and (d) he will be responsible and liable for any and all damage resulting from said construction; that such liability shall continue for a period of twenty-four months from the date of the final inspection of said work by the duly designated representative of the City, and that such liability shall include any and all damages or injuries to said street, sidewalk, gutter or curb which may appear within a twenty-four month period, as a result of the said work done by applicant, his agents or contractors.

It is further understood that the word "he" shall mean any person, male or female, or any corporation, firm, partnership or association.

Given under my hand and seal, in duplicate, this day of , 19 .

By:

The sewer connection or sewer tap permit shall be in the Following form:

CITY OF PARSONS
PARSONS, WEST VIRGINIA
PERMIT FOR SEWER TAP

Pursuant to application above, approved: Permit No.
Dated this day of

CITY OF PARSONS
PARSONS, WEST VIRGINIA

By:

It's:

An application for a sewer tap or connection permit shall be executed in duplicate. The original shall be retained by the Superintendent and the duplicate copy shall be delivered to the applicant upon the payment by the applicant of the requisite fee.

c. The fee for a sewer tap permit for residential or commercial service shall be one hundred fifty dollars, and the fee for a sewer tap permit for industrial service shall be two hundred dollars; provided that where any Owner, or his predecessors in title, of property consisting of two or more lots has extended the required sanitary sewer lines into a subdivision in accordance with the prior written approval of, and inspection by, the Superintendent, acting for and in behalf of the City, and without cost or expense to the City, the tap or connection fee shall be one hundred fifty dollars for the connection of the subdivision sewer main to the public sewer main and in addition a sewer permit shall be obtained for each lot in such subdivision as and when sewer taps or connections to serve such lots are made. The fee for each such additional tap or connection shall be one hundred fifty dollars.

d. There shall be two classes of building sewer permits (1) For residential and commercial service and (2) for service to establishments producing industrial wastes. In either case, the Owner or his agent shall make application on the special form furnished by the City. The permit application shall be supplemented by any plans, specifications or other information considered pertinent in the judgment of the Superintendent. A permit and inspection fee of one hundred fifty dollars for a residential or commercial building sewer permit and two hundred dollars for an industrial building sewer permit shall be paid to the City at the time the application is filed.

e. In cases where the City will transport and treat wastes of users located outside of the City's political jurisdiction, a written agreement between the Governing Body and the political jurisdiction in which such users are located, if there be one, shall be required as a prerequisite for obtaining a sewer connection permit. Such agreement shall provide that the outlying political jurisdiction will institute a system of user charges acceptable to the U.S. Environmental Protection Agency, the West Virginia Department of Natural Resources and the West Virginia Public Service Commission.

6. CUSTOMER SERVICE LINES

a. No unauthorized person shall uncover, make any connections with, or opening into, use, alter, or disturb any sanitary sewer or appurtenance of the City without first obtaining a written permit from the Superintendent.

b. There shall be two classes of sewer service permits: (a) for residential and commercial service, and (b) for service to establishments producing industrial wastes. In either case, the Owner or his agent shall make application on a special form furnished by the City. The permit application shall be supplemented by any plans, specifications, or other information considered pertinent in the judgment of the Superintendent. An adequate and responsible bond shall be required and delivered to the City for the purpose of repairing and replacing any damage done to any public street or way be reason of such installation of a sewer connection or a sewer before such permit is issued. The City shall determine the amount of such bond.

c. All costs and expenses incidental to the installation connection and maintenance of the customer service line shall be borne by the Owner. The Owner shall indemnify the City from any loss or damage that may directly or indirectly be occasioned by the installation of the customer line, and such installation shall be done by a certified plumber or a person approved by the Superintendent under whose supervision the installation shall be made.

d. A separate and independent customer service line shall be provided for every building or series of buildings located on a single parcel of land owned by the applicant. Old building sewers may be used in connection with new customers service lines only when they are found, on examination by the Superintendent, to meet all requirements of this Ordinance.

e. The slope, alignment, and materials of construction of a customer service line, and the methods to be used in excavating, placing of the pipe, jointing, testing and backfilling the trench, shall all conform to the requirements of the Sanitary Sewer Specifications used by the City. All customer service lines must be a minimum of 4" diameter and must be standard strength vitrified clay pipe provided with ASTM C-425 type special joints, medium weight ductile iron pipe with O-ring rubber joints, Class 2400 asbestos-cement pipe, or polyvinyl chloride (PVC) sewer pipe meeting ASTM Spec. 2729. Adequate soil cover to protect the service line from crushing or frost action is required. No customer service line shall be laid in the same trench with any gas and/or water line and must be separated by at least ten feet from any water line. The slope of the customer line shall be no less than one-eighth inch (1/8") per foot. All excavations for customer service line installation shall be adequately guarded with barricades and lights so as to protect the public from hazard. Streets, sidewalks, parkways and other public property disturbed in the course of the work shall be restored in a manner satisfactory to the City

f. The customer service line shall be connected to a sanitary sewer at the place designated by the Superintendent and shall be made by the City employees under the supervision of the Superintendent The invert of a customer service line at the point of connection shall be at the same or higher elevation than the invert of the sanitary sewer.

g. No person shall make connection of roof downspouts, foundation drains, areaway drains, or other sources of surface runoff or groundwater to a customer service line or lateral sewer which in turn is connected directly or indirectly to a sanitary sewer. Upon determination that this type of connection has been made, the City shall cause the Owner to be notified by Certified mail that he shall remove such connections within 30 days. Should the Owner fail to do so, penalties called for under Section 18, paragraph b, of this Ordinance shall be invoked.

h. Except as otherwise provided in this Ordinance, each improved property shall be connected separately and independently with a lateral through an independent customer service line. Grouping of more than one improved property on one customer service line shall not be permitted except under special circumstances and for good sanitary reasons or other good causes shown and then only after special permission of the Superintendent as may be prescribed by the Governing Body; provided, however, a single customer service line may be permitted to serve a school, mobile home park, apartment house or other permanent multiple unit property.

i. Where an improved property, at the time connection to a sanitary sewer is required, shall be served by its own sewage disposal system or device, the existing sewer line shall be broken on the structure side of sewage disposal system or device and attachment shall be made, with proper fittings, to continue such sewer line as a customer service line. The Superintendent may, at his discretion, permit the utilization of an existing sewer line provided an inspection discloses that it is reasonably true to grade and alignment and in good condition. In case of an existing sewer line utilizing a type of sewer pipe not specified herein, the Superintendent shall have the right to require the Owner to uncover the full extent of the pipe to determine its condition and may require its replacement with approved pipe as outlined herein if the inspection discloses such pipe to be deteriorated in any manner. The cost of replacing the pipe where necessary, shall be the sole responsibility of the Owner thereof.

j. No customer service line shall be covered until it has been inspected and approved by the Superintendent or his representative. Every customer service line shall be maintained in a sanitary and safe operating condition by the Owner of such improved property.

k. The applicant for the sewer service permit shall notify the Superintendent when the customer service line is ready for inspection and connection to the sanitary sewer. The connection and testing shall be made by the Superintendent or his representative.

7. SEWER USER CHARGES

a. Rates

Sewer user charges, or rates, are imposed upon and shall be collected from the owner of each improved property which shall be connected with the sanitary sewer system, for use of the sewer system, whether such use shall be direct or indirect. The sewer user charges shall commence and shall be effective as of the date of connection of each such improved property to the sewer system or within 31 days of availability of the sewer system, whichever is first, and shall be payable as provided herein.

b. The Superintendent is authorized to bill the customer for the cost of services performed at the request of the customer if the solution to the problem is known or found to be the responsibility of the customer.

c. Every Owner of improved property which is connected to the sewer system shall provide the City with and thereafter shall keep the City advised of his or her correct address. Failure of any person to receive bills for sewer user charges shall not be considered an excuse for nonpayment nor shall such failure result in an extension of the period of time during which the net bill shall be payable.

d. Surcharge for High Strength Users:

Users discharging any water or wastes with a 30 day average BOD in excess of 300 milligrams per liter or a 30 day average suspended solids content in excess of 300 milligrams per liter or containing suspended solids with a character or quantity of pollutant requiring unusual attention or expense to handle or treat, shall pay, in addition to the base monthly sewer charges, an additional surcharge (Cs) as determined by the following formula:

$$Cs = Bc(B)+Sc(S)+Pc(P)Uu$$

where

B = Concentration of BOD from a user above a base level (300 mg/l)

Bc	-	O & M cost for treatment of a unit of biochemical oxygen demand (BOD)
S	-	Concentration of suspended solids from a user above a base level (300 mg/l)
Sc	-	O & M cost for treatment of a unit of suspended solids
P	-	Concentrated of any pollutant from a user above a base level
Pc	-	O & M cost for treatment of a unit of any pollutant
Vu	-	Volume contribution from a user per unit of time

e. The governing Body shall review user charges annually and revise them periodically to reflect actual treatment works operation and maintenance costs.

8. BILLING PROCEDURE

a. All rates or charges provided for by this Ordinance shall be billed and collected monthly by the City or by persons or agencies authorized by the City. All bills shall be considered due and payable on or before the tenth day following the date rendered.

9. LIENS AND PENALTIES FOR NONPAYMENT

a. Sewer user charges or related charges imposed by Ordinance shall be a lien on the improved property connected to and served by the sewer system; and any such sewer user charges or other charges which are delinquent for a period of 30 days shall, together with a penalty of ten percent and a reasonable attorney's fee, be filed as a lien against the improved property and premises so connected to and served by the sewer system, which lien shall be filed in the office of the clerk of the County Commission of Tucker County, West Virginia, and shall be collected in the same manner now provided by law for the enforcement of tax liens on real property. Such liens shall be of equal dignity, rank, and priority with a lien on such premises for state, county, school, and municipal taxes.

b. At the discretion of the City, it may request that the water service to any improved property be shut off for nonpayment of sewer user charges if the bill for sewer user charges is delinquent for a period of 50 days and such owner shall have received 24-hour notice from the City of the intention to shut off the water supply, provided such action is not in violation of any rules of the West Virginia Public Service Commission or the West Virginia Department of Health. In such event, water service shall not be restored until the Owner of the improved property has paid all delinquent user charges to the City, plus the then appropriate charge for the re-installment of the water meter and opening of the water service line.

10. ACCESS TO PROPERTIES

a. The City and its Superintendent shall have the right of access at reasonable times to any part of any improved property served by the sewer system as shall be required for purposes of maintenance, inspection, measurement, sampling and testing and for the performance of other functions relating to service rendered by the City through the sewer system.

b. Every employee of the City whose duties require him to enter the premises of a customer will carry on his person identification as an employee or representative of the City.

c. The Superintendent and other duly authorized employees are authorized to obtain information concerning industrial processes which have a direct bearing on the kind and source of discharge to the sewer system.

d. The Superintendent or other duly authorized employees bearing proper identification shall be permitted to enter all private properties through which the City holds a duly negotiated easement for the purpose of, but not limited to, inspection, observation, measurement, sampling, repair, and maintenance of any portion of the wastewater facilities lying within said easement. All entry and subsequent work shall be done in full accordance with the terms of the easement pertaining to the private property involved.

11. DETRIMENTAL WASTES

a. No person shall discharge or cause to be discharged any unpolluted waters such as stormwater, groundwater, roof runoff, subsurface drainage, or cooling water to any sanitary sewer.

b. No person shall discharge or cause to be discharged any of the following described waters or wastes to [illegible] sewer:

1. Any gasoline, benzene, naptha, fuel oil, motor oil or any other flammable or explosive liquid, solid, or gas.

2. Any water or waste with a BOD in excess of 300 milligrams per liter, except as provided for herein.

3. Any water or waste containing suspended solids in excess of 300 milligrams per liter, except as provided for herein.

4. Any water containing toxic or poisonous solids, liquids, or gases in sufficient quantity, either singly or by interaction with other wastes, to injure or interfere with any waste treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the wastewater treatment plant effluent.

5. Any water or waste having a pH lower than 6.5 or greater than 8.5 or having any other corrosive property capable of causing damage or hazard to structures, equipment, or personnel of the wastewater facilities or the sanitary sewers.

6. Any solid or viscous substances in quantities or of such size capable of causing obstruction to the flow in sanitary sewers, or other interference with the proper operation of the wastewater facilities such as, but not limited to, gravel, ashes, bones, red dog, sand, mud, coal, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, unground garbage, whole blood, paunch manure, hair and fleshings, entrails, and paper dishes, cups, milk, containers, etc., either whole or ground by garbage grinders.

c. The following described substances, materials, waters, or wastes shall be limited in discharges to the sewer system, to concentrations or quantities which will not harm either the sanitary sewers or wastewater facilities; will not have an adverse effect on the receiving streams; or will not otherwise endanger lives, limb, public property, or constitute a nuisance. The limitations or restrictions on materials or characteristics of waste or wastewater discharged to the sewer system which shall not be exceeded by any person without approval of the Superintendent are as follows:

1. Wastewater having a temperature higher than 40 degrees Centrigrade.

Refuse Disposition. The disposition of refuse in accordance with rules and regulations promulgated by the mayor with the approval of the Council.

Refuse Containers. The trash and garbage containers referred to in this Ordinance shall meet the following specifications:

Standard containers for the storage of refuse shall be made of metal, to be leak proof and water tight with a tight fitting metal cover and shall have a capacity not to exceed thirty (30) gallons, any container having a capacity of over twenty (20) gallons shall have the carrying handles but any container of less than twenty (20) gallon capacity may be equipped with an adequate bail carrying handle.

The Mayor or other proper officer of the Division of Sanitation may authorize or direct the use of such other or special containers as the circumstances of any particular situation may require.

County Health Officer. Shall mean the County Health Officer of Tucker County.

Private Scavenger. One who for hire, collects, removes or disposes of refuse.

Person. Means any individual, partnership, firm or corporation.

ARTICLE TWO

SECTION 1. It shall be unlawful for any person, except the City of Parsons, to engage in or conduct the business of collection, removal or disposal of refuse, raw garbage prepared garbage within the corporate limits of the City of Parsons, and all persons, businesses, houses, firms or corporations residing in or doing business within the City of Parsons shall be required to subscribe to, take and pay for the the service provided by the Division of Sanitation of the City of Parsons.

It shall be unlawful for any person, firm or corporation to neglect or refuse to subscribe to such service and to pay for the same at the rates established by the common council of the City of Parsons for the type of service furnished to each such person, firm or corporation.

SECTION 2. On and after the date when this Ordinance becomes operative, there shall be a Division of Sanitation under the supervision or direction of the Mayor. The Mayor or other duly authorized officer, with the approval of the Council, shall be adequately supplied with the personnel and equipment to property and satisfactorily carry out the essential public service of collecting, removing and disposing of refuse produced in the households and places of business in the City of Parsons.

AN ORDINANCE DECLARING THE USE OF THE SEWER FACILITIES OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF PARSONS, WEST VIRGINIA, TO BE ESSENTIAL FOR THE PROTECTION AND PRESERVATION OF THE HEALTH, COMFORT, SAFETY, WELFARE, CONVENIENCE AND ECONOMY OF THE INHABITANTS OF SAID CITY; REQUIRING CONNECTIONS WITH SUCH SEWER FACILITIES; PROVIDING FOR THE IMPOSITION AND COLLECTION OF RATES, FEES AND CHARGES FOR THE USE AND AVAILABILITY OF THE SERVICES AND FACILITIES OF SAID SEWER FACILITIES AND OF THE WATERWORKS; PRESCRIBING RULES AND REGULATIONS GOVERNING THE FURNISHING AND USE OF ALL SUCH SERVICES AND FACILITIES; AND PROVIDING PENALTIES FOR VIOLATION THEREOF.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PARSONS, WEST VIRGINIA:

Section 1. Recitals.

The City Council of the City of Parsons has heretofore on May 3, 1963, adopted an Ordinance providing for the issuance of $290,000 Combined Waterworks and Sewerage Revenue Bonds to finance in part the cost of construction or acquisition of additions, extensions and improvements to the waterworks and sewerage systems of the City and in said Ordinance ordered that said systems be operated as a Combined Waterworks and Sewerage System and a single undertaking until all Bonds so authorized have been paid in full. The Public Service Commission of West Virginia has heretofore, following due application by the City and public hearing conducted by said Commission, entered final orders on the 14th day of March, 1963, in case Nos. 5672 and 5673 establishing water and sewerage rates and charges respectively for the facilities of said Combined Waterworks and Sewerage System identical with those applied for. By this Ordinance, the City Council establishes and confirms such rates and charges established by said Commission and establishes and prescribes rules and regulations governing the furnishing and use of the service and facilities of the Combined Waterworks and Sewerage System. The City Council deems it essential in the best interests of the City and of the inhabitants thereof to make the provisions contained in this Ordinance.

Section 2. Definitions.

The following terms shall have the following meanings in this Ordinance unless the text otherwise expressly requires:

a. Person means and includes individual; firm, partnership, corporation, association and public body

b. Sewer Facilities means all facilities of the sewer system owned by the City prior to the combination of the Waterworks and sewer system of the City into a Combined Waterworks and Sewerage System and includes the additions, extensions and improvements to be constructed and acquired with the proceeds of the Bonds hereinabove mentioned and all facilities of any kind or nature at any time hereafter constructed or acquired by the City and used for sewage collection or disposal purposes, such term including, among other things, all sanitary, storm, trunk, collecting intercepting and lateral sewers, sewer lines, drains, force mains, conduits, plants for the treatment or disposal of sewage and waste matters, lift stations, machinery, buildings, fixtures, equipment, all other real or personal property and all other property, appurtenances, extensions and improvements necessary, convenient, useful, appurtenant or incidental to or for the collection, treatment or disposal in a sanitary manner of sewage and waster matters.

c. Waterworks means all facilities of the waterworks owned by the City prior to combination of the waterworks and sewer system of the City into a Combined Waterworks and Sewerage System and includes the additions, extensions and improvements to be constructed and acquired with the proceeds of the Bonds hereinabove mentioned and all facilities of any kind or nature at any time hereafter constructed or acquired by the City and used for impoundment, storage, purification, settling, transmission or distribution of water or any other purpose in connection with furnishing water to the customers of the City for water service, such term including, among other things, mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other elements, items and property, real or personal, useful in connection with a water supply or service.

Section 3. Use of Sewer Facilities Mandatory.

The mandatory use of the Sewer Facilities as hereinabove defined is hereby determined and declared to be essential and necessary for the protection and preservation of the public health, comfort, safety, convenience, welfare and economy of the inhabitants of the City and for the rendering harmless of sewage and waste matters produced or arising within the City. Accordingly, every owner, tenant and occupant of every lot, parcel and tract of land within the City which abuts on a street, alley or other public way in which any sewer line, main or facility is located, or which is located within 100 feet thereof and upon which lot, parcel or tract a building or other habitable structure has been or shall be erected for residential, commercial or industrial use, shall connect such building or structure immediately with the Sewer Facilities and shall thereafter refrain from using and cease to use any other method for the disposal of sewage or waste matters and shall pay all charges, fees and rates provided herein.

Any such building or structure not so connected with the Sewer Facilities is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the City and a public nuisance which shall be abated as promptly as possible by proceedings in the Circuit Court of Tucker County or other court of competent jurisdiction.

Section 4. Application for Service Required.

It shall be unlawful for any person to use any of the facilities of the Combined Waterworks and Sewerage System without first making written application therefore to the City and paying all costs, charges, fees and deposits incident thereto, such application to be made on forms furnished by the City; provided, however, that all persons now lawfully using such facilities shall not be required to make such application. Such application shall constitute an agreement by the applicant with the City to abide by all provisions of this Ordinance and such applicable rules of the City as to use of such facilities as may from time to time be placed in effect. Applications for service by firms, partnerships, corporations and associations shall be tendered only by their duly authorized agents or representatives and the official title of such agent or representative shall be shown on the application. Any person now lawfully using any such facilities shall by continuation of such use be deemed to have agreed to abide by all provisions of this Ordinance and such applicable rules of the City as to the use of such facilities as may from time to time be placed in effect, whether or not such person has ever made written application for such service.

Section 5. Rates and Charges.

The following schedules of rates, fees and charges, heretofore approved by the Public Service Commission of West Virginia shall be charged against and paid by the user, tenant, owner or occupant of each habitable building or structure and of each building used for commercial or industrial purposes and connected or required to be connected with any of the facilities of the Combined Waterworks and Sewerage System, except as hereinafter provided:

A. Water Rates

AVAILABILITY

Available for all domestic and commercial users.

METER RATE

First	2,000 gals. per month	$ .90 per thousand gals.
Next	8,000 gals. per month	.65 per thousand gals.
Next	15,000 gals. per month	.60 per thousand gals.
Next	10,000 gals. per month	.45 per thousand gals.
Next	15,000 gals. per month	.40 per thousand gals.
Next	25,000 gals. per month	.35 per thousand gals.
Next	25,000 gals. per month	.30 per thousand gals.
Next	50,000 gals. per month	.25 per thousand gals.
Next	50,000 gals. per month	.20 per thousand gals.
Over	200,000 gals. per month	.16 per thousand gals.

FLAT RATE

One spigot	1.13 per month
Four openings, one commode	1.70 per month
Six openings, full bath	2.07 per month
Each spigot above six	.09 per month

MINIMUM CHARGE

On meter of 1/2" or less	1.80 per month
On meters over 1/2", but not greater than 1"	2.10 per month

DELAYED PAYMENT PENALTY

On all accounts not paid in full within ten (10) days of billing date, ten percent (10%), but not less than twenty cents (.20) will be added to net amount shown.

SERVICE CONNECTION

For furnishing taps of 1/2", or less	$25.00
For furnishing taps greater than 1/2", but not larger than 1"	35.00

B. SEWER RATES

AVAILABILITY

Available for all domestic and commercial users.

METER RATE (Based upon the metered amount of water supplied)

First	2,000 gals. per month	$ .775	per thousand gals.
Next	3,000 gals. per month	.55	per thousand gals.
Next	15,000 gals. per month	.51	per thousand gals.
Next	10,000 gals. per month	.38	per thousand gals.
Next	15,000 gals. per month	.34	per thousand gals.
Next	25,000 gals. per month	.30	per thousand gals.
Next	25,000 gals. per month	.26	per thousand gals.
Next	50,000 gals. per month	.21	per thousand gals.
Next	50,000 gals. per month	.17	per thousand gals.
Over	200,000 gals. per month	.13	per thousand gals.

FLAT RATE

Domestic and Commercial Users	1.55	per month

MINIMUM CHARGE

The above schedule is subject to a minimum charge of $1.55 per month.

DELAYED PAYMENT PENALTY

On all accounts not paid in full within ten (10) days of billing date, ten percent (10%), but not less than twenty cents (.20) will be added to net amount shown.

SERVICE CONNECTION

Tap Inspection Fee - New Installation	$25.00

BILLING

Bills for water and sewer services shall be rendered monthly, provided, however, that the City may read water meters once each two or three months and render monthly billings based upon the last monthly billings rendered. If any bill shall not be paid in full within thirty days of billing date, both water and sewer services shall be disconnected by the City and shall not be restored until all delinquent bills and penalties plus a cutoff charge of $3.00 and a reconnection charge of $4.00 have been paid.

Section 6. Vacancy of Premises Served.

In the event that any building, structure or premises served by any facilities of the Combined Waterworks and Sewerage System is to be vacated for a period of not less than thirty days, the person responsible for paying the rates, fees and charges for such services for such building, structure or premises may apply in writing to the City to have the same temporarily disconnected from such facilities. The City shall, upon such application and payment of a cutoff charge of $3.00, temporarily disconnect such building, structure or premises from all facilities of the Combined Waterworks and Sewerage System, beginning on the first day of such vacancy. During such period of disconnection, such building, structure or premises shall not be occupied or used. At the end of such vacancy, upon application or notification in writing contained in the application for disconnection or a separate paper, such building, structure or premises shall be reconnected upon payment of a reconnection charge of $4.00.

Section 7. No Free Service.

The City will not render or cause to be rendered any free services of any nature by the Combined Waterworks and Sewerage System, nor will any preferential rates be established for users of the same class; and in the event the City or any department, agency, instrumentality, officer or employee thereof shall avail itself or themselves of the facilities or services provided by the Combined Waterworks and Sewerage 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 City, and any such department, agency, instrumentality, officer or employee thereof. Such charges shall be paid as they accrue, and the City shall transfer from its general funds sufficient sums to pay such charges incurred by it. The revenues so received shall be deemed to be revenues derived from the operation of the Combined Waterworks and Sewerage System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the Combined Waterworks and Sewerage System.

The City covenants and agrees that it will, prior to the end of each fiscal year, transfer from its general funds and pay into the Revenue Fund, provided for in the aforesaid Bond authorizing ordinance, the sum of $3.00 as a fire hydrant rental for each fire hydrant in the City connected with the water facilities of the Combined Waterworks and Sewerage System. Such payments shall constitute revenues of the Combined Waterworks and Sewerage System and shall be treated and applied as all other revenues thereof.

Section 8. Industrial Use of Sewer Facilities.

In the event that the sewage or waste matters from any manufacturing, commercial or industrial plant, building or premises should be such that a burden is placed upon the Sewer Facilities greater than the average or normal burden, an additional charge therefore shall be established by the City, which additional charge shall be fair and commensurate with the additional cost of collecting, treating or disposing of such sewage or waste matters. The City may compel the owner, tenant or occupant of any such manufacturing, commercial or industrial plant, building or premises to treat such sewage or waste matters in a manner specified by the City upon recommendation of the Consulting Engineer of the City before discharging such sewage or waste matters into the Sewer Facilities.

Section 9. Deposits for Services.

The City may require any applicant for any of the services of the Combined Waterworks and Sewerage System to deposit with the City a reasonable and equitable amount to be prescribed to insure payment of all charges for such services, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission.

Section 10. Responsibility to Keep Sewer Connection Clean.

The owner, tenant or occupant of any property connected with the Sewer Facilities shall maintain and keep the sewer pipe between the plumbing system of the property and the sewer main of the City clean and free from obstruction and shall not cause, suffer or permit any article or thing to be introduced into such pipe which causes a stoppage thereof. Upon failure so to keep such sewer pipe clean and free from obstruction and in proper condition, the City shall have the immediate right to cut off all water and sewer services until such sewer pipe is placed in the condition hereby required and the property served by such sewer pipe shall not be used for any purpose which might produce sewage or any waste matters until such sewer pipe is restored to such proper condition.

Section 11. No Allowance for Leaks.

No allowance or adjustment in any bill for use of facilities of the Combined Waterworks and Sewerage System shall be made for any leak occurring on the users side of any meter.

Section 12. Right of Access.

The City shall have all rights, easements, permits and privileges which are necessary for the rendering of adequate sewer service. Duly authorized employees of the City shall have access at all reasonable hours to the premises of any user of the facilities of the Combined Waterworks and Sewerage System for the purposes of installing or removing any property of the City necessary for such sewer service or for examining pipes, lines or fixtures or for any purpose incidental to the rendering of proper service.

Section 13. Taps; Tampering with Facilities.

No person other than duly authorized employees of the City shall tap the City's sewer or water mains, nor shall connect with, turn on, tamper with interconnect, alter or damage in any way any part of the Combined Waterworks and Sewerage System.

Section 14. Approval of Sewer Connections.

No sewer service shall hereafter be connected until the plumbing of the premises and all connections incident thereto shall have been inspected and approved by the plumbing inspector of the City or some other duly authorized employee of the City.

Section 15. No Liability of City; Right to Restrict Services.

The City shall not be liable for any damage resulting from bursting or breakage of any water or sewer main, pipe, valve, equipment or part or from discontinuance of the operation of any part of the Combined Waterworks and Sewerage System or from failure of any part thereof for any cause whatsoever. In case of emergency, the City shall have the right to restrict the use of any part of the Combined Waterworks and Sewerage System in any reasonable manner for the protection of the City, the inhabitants thereof and the Combined Waterworks and Sewerage System.

Section 16. Penalty.

Any person who shall violate any provisions of this Ordinance shall, upon conviction thereof, be punished by a fine not to exceed $500 or imprisonment not to exceed sixty days or both such fine and imprisonment.

Section 17. 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 18. 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, herein repealed.

Section 19. 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 20. Effective Date.

This Ordinance shall take effect and become operative from passage.

Passed June 7, 1963

Robert R. Gilmore, Recorder Forrest Armentrout, Mayor

Section 6.05. Effective Time.

This ordinance shall take effect at the time and in the manner provided in the Act and the Charter of the Town as the same may be applicable.

Section 6.06. Statutory Notice.

Upon adoption and approval of this ordinance, the Recorder is hereby authorized and directed to cause it to be published and having a general circulation in the City, together with a notice to all persons concerned, and to post a copy hereof with such notice in at least three public places in the City of Parsons, such notice to state that this ordinance has been adopted and that the City contemplates the issuance of the Bonds described in the Ordinance and that this ordinance shall be in full force and effect if no petition as provided in the Act be filed within ten days of such publication.

Section 6.07. Table of Contents and Headings.

The Table of Contents and headings of the Articles, Sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Passed and approved June 7, 1963

Robert R. Gilmore, Recorder Forrest Armentrout, Mayor

CITY OF PARSONS

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the City of Parsons does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the Recorder at the front door or bulletin board of the City Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Recorder not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the Recorder at the front door or bulletin board of the City Hall not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 11th day of July, 2006.

Charley W. Pitman
Mayor

ATTEST:

Recorder

CERTIFICATION

I, James Judy, duly appointed Recorder of the City of Parsons do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the City Council of the City of Parsons at a special meeting of City Council held July 11, 2006, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 11th day of July, 2006.

[SEAL]

Recorder

07.07.06
689010.00003

OATH

State of West Virginia, County of Tucker:

I, Jane H. Barb, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of

Parsons City Councilwoman

Term Ending June 30, 2008

to the best of my skill and judgment, so help me God.

Jane H. Barb

Subscribed and sworn to before the undersigned, this the 9th day of August, 2006.

Linda Cale by: DLS

Clerk of the County Commission of Tucker County, West Virginia.

State of West Virginia
County of Tucker
City of Parsons

I. Call to Order

Mayor Charles Rosenau called the Special Session meeting of the Parsons City Council to order August 8, 2006 at 7:00 p.m. in the Tucker County Magistrate Court Room.

II. Call of Roll

Name	Position	Present/Absent
Charles W. Rosenau	Mayor	Present
Lois J. Lambert	Acting-Recorder	Present
Johnnie F. Goss, Jr.	Council Member	Present
Patrick A. Gray	Council Member	Present
Diana G. Hymes	Council Member	Present
Cheryl A. Maxwell	Council Member	Present
Hoy R. Roy	Council Member	Present

Guests Present

Guests present were: Jason Myers, Samuel J. Loria, Holly Martin (The Parsons Advocate), Julieanne Cooper (The Inter-Mountain)

III. Approval of Agenda

A motion by Goss to approve the agenda, as presented, seconded by Maxwell, all were in favor.

IV. Opening Prayer

Mayor Rosenau led with the opening prayer.

V. Pledge of Allegiance.

Jason Myers led with the Pledge of Allegiance.

VI. City Recorder and Council Vacancy – Nominations/Discussion/Motion

Motion by Goss to appoint Lois Lambert to the un-expired term of City Recorder left vacant by the resignation of James L. Judy, seconded by Maxwell, all were in favor with Lambert abstaining.

Motion by Goss to appoint Jane Barb to the un-expired 2 yr. Council term, Ward 2, left vacant by Lois Lambert being appointed as City Recorder, seconded by Maxwell, all were in favor.

VII. Appointment of Designated Check Signees- Appointments/Discussion/Motion

Motion by Roy to appoint Goss and Gray as alternate check signees in the absence of the mayor and/or recorder, all were in favor.

Motion to remove Jason Myers as a signee on the city accounts at his request, with him retaining inquiry rights by Goss, seconded by Gray, all were in favor.

VIII. Hiring of Chief of Police – Personnel Committee Recommendation(s)/Discussion/Motion

Motion by Maxwell to enter Executive Session for the purpose of discussing an emergency situation regarding Personnel, seconded by Gray, all were in favor

Motion to return to Special Session made by Gray, seconded by Hymes, all were in favor.

Motion made by Gray to hire Randall D. Howell per hour as Chief of Police, at a salary of $10.50, seconded by Goss, all were in favor.

IX. Hiring of Office Assistant-Personnel Committee Recommendation(s)/Discussion/Motion

Motion made by Gray to hire Madeline "Carol" Hebb as Office Assistant for 20 hrs. per week at $5.15 per hour, seconded by Goss, all were in favor.

X. Assistant Water Operator Position-Personnel Committee Recommendation(s)/Discussion/Motion

Motion to hire a Water Operator in Training based upon a competency test, this position will require 2000 hours of training, starting at $7.00 per hour to be posted for all in-house employees first, under the guidelines set down by the City Administrator, with a deadline to apply of two weeks made by Roy, seconded by Goss, all were in favor with the exception of Hymes, who abstained due to a conflict of interest.

XI. Agreement with West Virginia Department of Transportation, Division of Highways for Parsons US 219 Corridor Improvements/TCSP FY 2006 Project (a.k.a. Lover's Lane Project) – Discussion/motion

Motion to accept option 1 by Goss, seconded by Gray, all were in favor.

XII. Adjournment

Motion to adjourn made by Maxwell, seconded by Goss, all were in favor.

Respectfully submitted:

Lois J. Lambert, Recorder

Charles W. Rosenau, Mayor

OATH

State of West Virginia, County of Tucker:

I, Cheryl Maxwell, do solemnly swear that I Will support the constitution of the United States and the constitution of this State And that I will faithfully discharge the duties of my office of Ward one Council member for the City of Parsons, with term beginning July 1, 2004 and ending June 30, 2008

To the best of my skill and judgment, so help me God.

Cheryl Maxwell

Subscribed and sworn to before the undersigned, this the

Day of 6/30, 2004

Linda Cale

Clerk of the County Commission of Tucker County, West Virginia.

OATH

State of West Virginia, County of Tucker:

I, Diana G. Hymes, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Councilmember for the City of Parsons (ward 2) for a 4 year term beginning July 1, 2006 and ending June 30, 2010

to the best of my skill and judgment, so help me God.

Diana G. Hymes

Subscribed and sworn to before the undersigned, this the 1st day of July, 2006.

Linda Cale

Clerk of the County Commission of Tucker County, West Virginia.

OATH

State of West Virginia, County of Tucker:

I, Hoy R. Roy, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Councilmember for the City of Parsons (ward 2) for a 4 year term beginning July 1, 2006 and ending June 30, 2010 to the best of my skill and judgment, so help me God.

Hoy R Roy

Subscribed and sworn to before the undersigned, this the 1st day of July, 20 06.

Linda Cale

Clerk of the County Commission of Tucker County, West Virginia.

OATH

State of West Virginia, County of Tucker:

I, Patrick A. Gray, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Councilmember for the City of Parsons (ward 1) for a 2 year term beginning July 1, 2006 and ending June 30, 2008 to the best of my skill and judgment, so help me God.

Patrick A Gray

Subscribed and sworn to before the undersigned, this the 1st day of July, 20 06.

Linda Cale

Clerk of the County Commission of Tucker County, West Virginia.

OATH

State of West Virginia, County of Tucker:

I, Lois J. Lambert, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of City Recorder

Term Ending June 30, 2008

to the best of my skill and judgment, so help me God.

Lois J. Lambert

Subscribed and sworn to before the undersigned, this the 9th day of August, 2006.

Linda Cale by: LHS

Clerk of the County Commission of Tucker County, West Virginia.

OATH

State of West Virginia, County of Tucker:

I, John F. Goss, do solemnly swear that I Will support the constitution of the United States and the constitution of this State And that I will faithfully discharge the duties of my office of Ward One Council Member for the City of Parsons, with term beginning July 1, 2004 and ending June 30, 2008

To the best of my skill and judgment, so help me God.

John F. Goss

Subscribed and sworn to before the undersigned, this the 30th Day of June, 2004.

Linda Cale

Clerk of the County Commission of Tucker County, West Virginia.

OATH

State of West Virginia, County of Tucker:

I, Charles W. Rosenau, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Mayor of the City of Parsons for a two year term beginning July 1, 2006 and ending June 30, 2008

to the best of my skill and judgment, so help me God.

Charles W. Rosenau

Subscribed and sworn to before the undersigned, this the 1st day of July, 20 06.

Linda Cale

Clerk of the County Commission of Tucker County,
West Virginia.

CHAPTER 17

"AN ORDINACE TO INCREASE WATER RATES" AND TO ESTABLISH RULES AND REGULATIONS FOR FURNISHING WATER AT PARSONS, TUCKER COUNTY AND VICINITY, WEST VIRGINIA

Be It Ordained by the City Council of the City of Parsons that:

APPLICABILITY

Applicable to all residential, commercial and industrial users in the entire area served.

AVAILABILITY OF SERVICE

Available for water service.

RATES

First	2,000 gallons used per month	$9.55 per 1,000 gallons
Next	3,000 gallons used per month	$8.30 per 1,000 gallons
Next	5,000 gallons used per month	$7.35 per 1,000 gallons
Next	10,000 gallons used per month	$5.80 per 1,000 gallons
Next	30,000 gallons used per month	$4.50 per 1,000 gallons
All over	50,000 gallons used per month	$3.15 per 1,000 gallons

MINIMUM MONTHLY CHARGE

5/8"	meter	$19.10
1"	meter	$32.00
2"	meter	$128.00

DELAYED PAYMENT PENALTY

A 10% penalty shall be added to all charges not paid within twenty (20) days from the date of the billing. This delayed payment penalty is not interest and is to only be collected once for each bill where it is applicable.

CONNECTION CHARGE

$300.00 or actual cost of installation, including materials and labor, whichever is greater.

RECONNECTION CHARGE

Twenty-Five Dollars ($25.00)

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

II. MULTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, bills will be rendered based on each family or business unit located therein paying not less than the minimum monthly charge herein established for a five-eights inch meter, the minimum bill for the size of meter installed or the actual charge for water used, whichever is greater. Motels and hotels shall pay according to the size of meter installed or the actual amount of water used.

III. TRAILER COURTS

House trailer courts shall be provided with a master meter. No bill shall be rendered for less than the minimum bill herein established for a five-eights inch meter, multiplied by the number of units situated on the court site at the time the meter is read, the minimum bill for the size of meter installed or the actual charge for water used which ever is greater. House trailers (as used hereinabove) shall include both mobile and immobile units. House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed, in the same manner as any other family or business unit.

EFFECTIVE

This Ordinance shall become effective forty-five (45) days from adoption.

ADOPTION

This Ordinance was adopted by City Council on its third and final reading on the 17th day of January 2006.

ATTEST:

James A. Judy
Recorder

Charley W. Roeran
Mayor

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 1st day of August, 2006.

CASE NO. 06-0288-S-MA

CITY OF PARSONS,
a municipal utility.

Investigation and suspension of increase in sewer rates and charges as a result of petitions filed in accordance with *West Virginia Code* § 24-2-4b.

COMMISSION ORDER

On February 21, 2006 the City of Parsons (City) adopted an ordinance to increase its sewer rates effective forty-five (45) days from the date of passage. On March 3, 2006 the Commission received a letter of protest from the Hamrick Public Service District (District), a resale customer of the City. The letter stated that the District objected to the proposed rate increase of 30% over its current rate and requested that the Commission conduct a rate review.

By Commission Order dated March 7, 2006, the Commission invoked its jurisdiction in this matter under *West Virginia Code* § 24-2-4b, made the City a Respondent to this proceeding and, pending investigation, hearing and decision thereon, suspended and deferred the use of said increased sewer rates and charges until 12:01 a.m., August 5, 2006, unless otherwise ordered by the Commission.

Upon notice and hearing the assigned Administrative Law Judge (ALJ) issued a Recommended Decision on June 28, 2006. That Recommended Decision contained the following footnote:

> The rates recommended by Commission Staff included Leak Adjustment and Surface or Groundwater Surcharge sections which were not in the City's ordinance now on file with the Commission or included in the ordinance adopted on February 21, 2006, and will, therefore, not be included in the rates and charges approved in this proceeding. In a municipal appeal, such as this proceeding, the Commission does not have the authority to add provisions to a municipal tariff not previously considered and adopted by the municipality and which have not been noticed to the public. If the City of Parsons desires to include in its tariff the Leak Adjustment and Surface or

Groundwater Surcharge sections, as recommended by Commission Staff, it will need to enact another ordinance which specifically adds those sections to its sewer tariff.

Footnote number 1, page 5, of the June 28, 2006 Recommended Decision.

Commission Staff (Staff) filed "Staff's Exceptions to Recommended Decision"on July 10, 2006. Therein Staff argued:

> Staff maintains that once a challenge to an ordinance is filed and the municipal approval action is instituted that the process allows the Commission to review the rate structure and associated tariff items in their entirety. (See *W.Va Code* § 24-2-4b). Staff strives in a municipal appeal case to review the rates and tariff items and makes reasonable changes to help ensure uniformity of tariff items.
>
> Importantly, a similar issue is presently before the Commission on exceptions to a June 30, 2005 order. (See Case No. 05-0105-S-MA, *Durbin*). In that case the Administrative Law Judge allowed the charging of a returned check charge and leak adjustment only after Durbin published notices regarding these items.

DISCUSSION

The Commission shall adopt the Recommended Decision and the tariff approved therein as the final order of the Commission, but shall modify the decision to include the Leak Adjustment and Surface or Groundwater Surcharge sections in the tariff.

West Virginia Code § 24-2-4b(c) authorizes the Commission to approve or modify the rates of a municipal ordinance once the Commission obtains jurisdiction.

An order in *City of Clarksburg*, Case No. 99-1570-W-MA (Recommended Decision April 13, 2000; Commission Order April 28, 2006, Commission Order modifying order in other respects May 12, 2000; Commission Further Order denying petition for reconsideration June 15, 2000) stated, "Staff also added a leak adjustment increment to the Utility's tariff. (Staff Ex. 2 at 4)." *See*, April 13, 2000 Recommended Decision at page 17. The Leak Adjustment was added to the City of Clarksburg's tariff without further comment.

In *Town of Hartford*, Case No. 02-0418-S-MA (Recommended Decision July 29, 2002; Final Order August 18, 2002) Staff recommended the inclusion of a leak adjustment *See*, Recommended Decision, p. 3. The decision stated, "The Mayor did not object to the implementation of the other tariff, operation and procedural recommendations made by Staff, including the leak adjustment charge. (Tr., pp. 14, 15)." *See*, Recommended Decision, p. 4. The leak adjustment was included without further comment in that decision.

Similarly, the Commission shall adopt the Recommended Decision as the final order of the Commission but shall modify it to include the entire Staff-recommended tariff, including the Leak Adjustment and Surface or Groundwater Surcharge sections.

The Commission notes that the Leak Adjustment provision provides a benefit to customers who have suffered a qualifying leak. As such, the Commission shall require that the City publish the attached notice of this tariff provision. The provisions of the Surface or Groundwater Surcharge section require that a customer be given notice and a chance to correct the drainage problem before the City implements the charge. As such, publication of notice is not necessary regarding that tariff provision.

FINDINGS OF FACT

1. By Commission Order dated March 7, 2006, the Commission invoked its jurisdiction in this matter under *West Virginia Code* § 24-2-4b, made the City a Respondent to this proceeding and, pending investigation, hearing and decision thereon, suspended and deferred the use of said increased sewer rates and charges until 12:01 a.m., August 5, 2006, unless otherwise ordered by the Commission.

2. Upon notice and hearing the assigned ALJ issued a Recommended Decision on June 28, 2006 approving the Staff-proposed tariff with the exception of the Leak Adjustment and Surface or Groundwater Surcharge sections.

3. Staff filed exceptions on July 10, 2006 arguing that the Leak Adjustment and Surface or Groundwater Surcharge sections should be included in the approved tariff.

CONCLUSIONS OF LAW

1. *West Virginia Code* § 24-2-4b(c) authorizes the Commission to approve or modify the rates of a municipal ordinance once the Commission obtains jurisdiction.

2. In both *City of Clarksburg*, Case No. 99-1570-W-MA (Recommended Decision April 13, 2000; Commission Order April 28, 2006, Commission Order modifying order in other respects May 12, 2000; Commission Further Order denying petition for reconsideration June 15, 2000) and *Town of Hartford*, Case No. 02-0418-S-MA (Recommended Decision July 29, 2002; Final Order August 18, 2002) the respective municipal appeals were modified by the addition of a tariff provision that had not originally been enacted by the municipality.

3. It is reasonable to require the City to publish notice regarding the Leak Adjustment provision.

ORDER

IT IS THEREFORE ORDERED that the Recommended Decision entered June 28, 2006 is hereby adopted as the Commission's final order in this proceeding except as modified herein.

IT IS FURTHER ORDERED that the City of Parsons Sewer Tariff to be Effective on and After August 5, 2006 (as attached as Appendix A to the Recommended Decision) is hereby amended by the inclusion of the following language:

LEAK ADJUSTMENT

$0.48 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SURFACE OR GROUNDWATER SURCHARGE

An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in case where surface drainage is connected to the utility's sewer system.

APPLICABILITY

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system, and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility, in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times 0.0006233 \times C$$

S = The surcharge in dollars
A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R = The measured monthly rainfall, in inches.
.0006233 = A conversion factor to change inches of rain X square feet of surface water to thousands of gallons of water.
.0008333 = A conversion factor to change inches of rain X square feet of surface water to $ per 100 cubic feet.
C = The utility's approved rate per thousand gallons of metered water usage.

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or

surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules of the Public Service Commission of West Virginia.

IT IS FURTHER ORDERED that the City of Parsons Sewer Tariff to be Effective Upon Substantive Completion of Project Approved in Case No 06-0289-S-CN, (as attached as Appendix B to the Recommended Decision) is hereby amended by the inclusion of the following language:

LEAK ADJUSTMENT

$0.48 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SURFACE OR GROUNDWATER SURCHARGE

An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in case where surface drainage is connected to the utility's sewer system.

APPLICABILITY

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system, and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility, in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times 0.0006233 \times C$$

S = The surcharge in dollars
A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R = The measured monthly rainfall, in inches.
.0006233 = A conversion factor to change inches of rain X square feet of surface water to thousands of gallons of water.
.0008333 = A conversion factor to change inches of rain X square feet of surface water to $ per 100 cubic feet.
C = The utility's approve rate per thousand gallons of metered water usage.

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules of the Public Service Commission of West Virginia.

IT IS FURTHER ORDERED that the City provide notice to its customers of the Leak Adjustment tariff provision by publishing the attached notice (Appendix 1) once in a newspaper of general circulation in the county(ies) in which it provides service.

IT IS FURTHER ORDERED that following publication of the above-described notice, the District shall file with the Commission the affidavit of publication with respect thereto, within ten (10) days of the publication date.

IT IS FURTHER ORDERED that upon entry of this order this case shall be removed from the Commission's docket of open 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

Sandra Squire
Executive Secretary

JJW/s
060288c.wpd

Appendix 1

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 06-0288-S-MA

CITY OF PARSONS

NOTICE OF LEAK ADJUSTMENT TARIFF PROVISION

By Order issued on August 1, 2006 the Public Service Commission authorized the City of Parsons to add a Leak Adjustment provision of $0.48 per 1,000 gallons of metered water usage to its tariff. The incremental leak adjustment rate is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

CITY OF PARSONS

2006 MAR 23 AM 10: 26

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

P.S.C. W. Va. No. 10
Canceling P.S.C. W. Va. No. 9

CITY OF PARSONS, a municipal corporation

OF

PARSONS, WEST VIRGINIA

Public Service Commission
of W. VA. Tariff Office
MAR 23 2006
Special Studies Section

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Parsons, Tucker County and vicinity, West Virginia

Filed with **THE PUBLIC SERVICE COMMISSION**
of
WEST VIRGINIA

Issued March 13, 2006

Effective for service rendered on and after March 3, 2006
or as otherwise provided herein

Adopted by City Council

Issued by City of Parsons, a public utility

By _____

Recorder
Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

II. MULTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, bills will be rendered based on each family or business unit located therein paying not less than the minimum monthly charge herein established for a five-eights inch meter, the minimum bill for the size of meter installed or the actual charge for water used, whichever is greater. Motels and hotels shall pay according to the size of meter installed or the actual amount of water used.

III. TRAILER COURTS

House trailer courts shall be provided with a master meter. No bill shall be rendered for less than the minimum bill herein established for a five-eights inch meter, multiplied by the number of units situated on the court site at the time the meter is read, the minimum bill for the size of meter installed or the actual charge for water used which ever is greater. House trailers (as used hereinabove) shall include both mobile and immobile units. House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed, in the same manner as any other family or business unit.

APPLICABILITY

Applicable to all Residential, Commercial and Industrial Users in entire area served

AVAILABILITY OF SERVICE

Available for water service

(I) RATES

First	2,000 gallons used per month	$9.55 per thousand gallons
Next	3,000 gallons used per month	$8.30 per thousand gallons
Next	5,000 gallons used per month	$7.35 per thousand gallons
Next	10,000 gallons used per month	$5.80 per thousand gallons
Next	30,000 gallons used per month	$4.50 per thousand gallons
All over	50,000 gallons used per month	$3.15 per thousand gallons

(O)

(I) MINIMUM MONTHLY CHARGES

5/8"	meter	$ 19.10
1"	meter	$ 32.00
2"	meter	$128.00

(O)

DELAYED PAYMENT PENALTY

A 10% penalty shall be added to all charges not paid within 20 days from the date of the billing. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

CONNECTION CHARGE

$300.00 or actual cost of installation, including materials and labor, whichever is greater

RECONNECTION CHARGE

Twenty-Five Dollars ($25.00)

(I) Indicates increase
(O) Indicates omission

060288alj062806.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 28, 2006

CASE NO. 06-0288-S-MA

CITY OF PARSONS,
a municipal utility.
Investigation and suspension of increase in sewer rates and charges as a result of petitions filed in accordance with West Virginia Code §24-2-4b.

RECOMMENDED DECISION

On February 21, 2006, the City of Parsons (City) adopted an ordinance that increased its sewer rates to become effective forty-five (45) days from the date of passage. On March 3, 2006, the Commission received a letter of protest from the Hamrick Public Service District (District), a resale customer of the City. The letter stated that the District objected to the proposed rate increase of 30% over its current rate and requested that the Commission conduct a rate review.

By Commission Order dated March 7, 2006, the Commission invoked its jurisdiction in this matter under West Virginia Code §24-2-4b, made the City a Respondent to this proceeding and, pending investigation, hearing and decision thereon, suspended and deferred the use of said increased sewer rates and charges until 12:01 a.m., August 5, 2006, unless otherwise ordered by the Commission. The Order also referred this matter to the Division of Administrative Law Judges for further proceedings with a decision due date of July 6, 2006. Commission Staff was required to file its report in this matter on or before May 22, 2006. The Commission also required that the Executive Secretary of the Commission cause a copy of said Order to be published once, in a newspaper of general circulation in the City, within five (5) days of the date of said Order. Any petitions or motions to intervene in this proceeding were to be filed with the Commission within ten (10) days of the date of publication.

On March 16, 2006, Staff Attorney Lisa Wansley-Layne filed an Initial Joint Staff Memorandum, to which was attached an Initial Internal Memorandum, dated March 10, 2006, prepared by Sean P. Ireland, Utilities Analyst II, Water and Wastewater Division, and Jonathan Fowler, Engineer III, Engineering Division. Commission Staff reported that it would

Public Service Commission
of West Virginia
Charleston

conduct the necessary review of the City's financial records and operations and file a final recommendation in a timely manner.

On March 20, 2006, Ms. Wansley-Layne filed Commission Staff's First Set of Interrogatories, Data Requests or Requests for Information. The City was requested to provide the information and/or data therein specified as soon as possible, but, in any event, no later than noon, April 7, 2006.

On April 14, 2006, Chief Administrative Law Judge Melissa K. Marland issued a Procedural Order assigning this matter to the undersigned Administrative Law Judge for further disposition.

By Procedural Order dated April 14, 2006, this matter was scheduled for hearing at 10:00 a.m., on May 30, 2006, in the Magistrate Court Room, Parsons City Hall, 201 Walnut Street, Parsons, West Virginia. The City was also directed to cause to be published on or before May 23, 2006, a copy of the attached Notice of Hearing, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Tucker County, West Virginia, making due return to the Commission of a proper affidavit of publication on or before May 30, 2006. It was further ordered that an expedited transcript of the hearing be prepared and filed with the Commission no later than June 2, 2006. Additionally, the City and the District were advised that, pursuant to Rules 4.4 and 12.7 of the Commission's Rules of Practice and Procedure (Procedural Rules) they had to obtain counsel to represent them in this proceeding.

On April 24, 2006, Pat A. Nichols, Esquire, filed a Notice of Appearance on behalf of the City.

On May 10, 2006, Janet D. Preston, Esquire, filed a Notice of Appearance on behalf of the District.

On May 22, 2006, Ms. Wansley-Layne filed a Final Joint Staff Memorandum, to which was attached a Staff Report, dated May 17, 2006, prepared by Sean P. Ireland, Utilities Analyst II, Water and Wastewater Division, and Jim Spurlock, Technical Analyst II, Engineering Division.

On May 25, 2006, the City filed a copy of an affidavit of publication reflecting that the Notice of Hearing had been published for two (2) consecutive weeks, commencing on April 26, 2006, in The Parsons Advocate, a newspaper duly qualified by the Secretary of State, published and of general circulation in Tucker County, West Virginia.

The hearing convened on May 30, 2006, as scheduled. Appearing on behalf of the City was Mr. Nichols. The District was represented by Ms. Preston. Ms. Wansley-Layne appeared on behalf of Commission Staff. Commission Staff presented the testimony of two (2) witnesses and presented one (1) exhibit at the hearing and filed one (1) post-hearing exhibit on June 7, 2006. No Protestants, other than the District, appeared to make comments or pose questions about the City's proposed rate increase. (Tr. p.7).

On June 22, 2006, an affidavit of publication was filed reflecting publication of the Commission's March 7, 2006 Order on March 15, 2006, in

The Parsons Advocate, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Tucker County, West Virginia.

EVIDENCE

Commission Staff called, as its first witness, Jim Spurlock, Technical Analyst II, Engineering Division. Mr. Spurlock conducted a field investigation of the City's sewer facilities and reviewed certain financial and technical information regarding the system. The City's sewer facilities serve approximately 720 total customers, including one (1) resale customer, the Hamrick Public Service District. The sewer facilities include a 0.4 MGD wastewater treatment plant, utilizing an aerated lagoon, various size gravity sewer lines, two (2) lift stations and approximately 2,375 feet of force main. The City's collection system is considered to be a combined stormwater/sanitary sewer system with multiple combined sewer overflows (CSOs). The City currently has two (2) full-time licensed operators, one part-time operator and a maintenance worker, all of whom work in both the City's water and sewer operations. Additionally, City maintenance workers assist when extra help is needed. The City's equipment includes a pickup truck, a backhoe and a service truck which are rented from the City's Maintenance Department. (Tr. p. 9; Staff Ex. 1).

The City's wastewater treatment plant did not operate from June 2004 through November 2005, due to the need to replace the pond liner and chlorination/dechlorination equipment. As a result, there were no sewage flow records available to perform a class cost of service study for the test year July 2004 through June 2005. In addition, one of the two (2) flow meters owned and utilized by the District did not function during the test year and no readings were taken from the District's other meter for approximately half of the months in the test year. However, this did not interfere with the City's billing of the District for services rendered since the District is billed according to water usage. Commission Staff did, however, recommend that the City be required to obtain ownership of the District's two (2) flow meters or, in the alternative, purchase two (2) new meters. (Tr. pp. 9-17; 24-28; Staff Ex. 1).

Next, Commission Staff called Sean Ireland, Utility Analyst II, of the Commission's Water and Wastewater Division. Mr. Ireland initially noted that a minor change needed to be made to both Statement D, Schedule 4, and Statement D, Schedule 5, of Staff Exhibit 1. As written, both Schedule 4 and Schedule 5, under the SALES FOR RESALE SERVICE section, read, in part, that, "All water for resale to Hamrick PSD will be billed in accordance with the approved rate of...." The section, as corrected, should read that, "All wastewater from the Hamrick PSD will be treated at the approved rate of [$1.022 or $1.448] per 1,000 gallons of water consumed." (Tr. pp. 19-20; 31-34; Staff Ex. 1; Commission Staff Post-Hearing Exhibit).

Mr. Ireland went on to state that he had reviewed the City's operations and its financial books and records for the period of July 1, 2004, through June 30, 2005, in order to make operational recommendations

and to design and formulate the Staff-recommended rates and charges. (Tr. pp. 20-21; Staff Ex. 1). Several adjustments were made to bring the City's expenses to Going Level, including increases in power for pumping, chemical costs and property and health insurances. Uncollectible expense was adjusted to .5% of metered sales revenue. Several accounts were reduced where expenditures for non-recurring expenses for emergency plant repairs were made during the test year. (Tr. pp. 20-21; Stmt. G of Staff Ex. 1).

The City recorded one long-term debt on its sewer system, which consists of a bond issued by the Water Development Authority. The debt service for this bond is fully funded. The City had recently obtained a $670,000 line of credit from Citizens National Bank which was used for emergency repairs to the lagoon portion of its sewer system. The City is responsible for making interest-only quarterly payments on this line of credit. The quarterly interest payments were not included in the calculation of the Staff-recommended rates since they will cease as soon as any Order issued in this case becomes final. (Staff Ex. 1).

The City will be receiving a bond issued by the West Virginia Infrastructure and Jobs Development Council (WVIJDC) for its sewer plan upgrade, as described in Case No. 06-0289-S-CN. This bond will be issued in the amount of $1,109,250 at 0% interest for 20 years. The $670,000 line of credit will be absorbed by the $1,109,250 bond when Staff's recommended rates in this case become final. The City will not be required to make any payments on the bond for a period of two (2) years after the Staff-recommended rates in this case become final. However, the City will be required to fund a debt service reservice for this bond and continue to fund a renewal and replacement reserve at the rate of 2.5% of operating revenues. (Staff Ex. 1).

As of June 30, 2005, the City's Sewer Department had $1,757 in its general operating account, $469 in a savings account and a CD with a balance of $19,653. It also had an unencumbered renewal and replacement account with a balance of $4,447. As of February 28, 2006, the City's Sewer Department had $101,683 in its general operating account, $5,511 in its savings account and a CD with a balance of $19,883. It also had an unencumbered renewal and replacement account with a balance of $7,518. Going Level rates, as shown on Statement H of Staff Exhibit 1, provide a cash deficit of $26,968. The City's proposed rates and charges (Proforma 1) provide a cash surplus of $15,538. Its proposed rate and charges that include the WVIJDC bond payments (Proforma 2) provide a cash surplus of $18,328. The Staff-recommended 1 rates and charges provide a cash surplus of $12,330 and a debt service coverage factor of 168.71%, while the Staff-recommended 2 rates and charges, which include payment of the new WVIJDC bond, provide a cash surplus of $12,654 and a debt service coverage factor of 129.37%. (Stmt. H of Staff Ex. 1).

Based on the revenue requirements of the City, Commission Staff recommended that the rates and charges as contained in Statement D, Schedule 4, be approved and implemented upon any order issued herein becoming final and that the Staff-recommended rates and charges as contained in Statement D, Schedule 5, be approved for implementation when payments for the WVIJDC bond become due, approximately two (2) years from the date hereof. Commission Staff also recommended that the City be

required to request that a class cost of service study be performed by the Commission's Assistance Section of the Water and Wastewater and Engineering Divisions one (1) year after the sewage flow meters are installed and functional, in an effort to provide equitable cost-based rates for all classes of customers. (Tr. pp. 10, 25, 26; Staff Ex. 1).

Subsequent to Mr. Ireland's testimony both the City and the District, by their respective counsel, stipulated that they were in agreement with the Staff recommendations in this matter. Counsel for the City and the District also stipulated that the City would acquire ownership of and assume the operation and maintenance costs of the District's flow meters on or before June 30, 2006, and that the City would request, at the appropriate time, that Commission Staff perform a class cost of service study for the fiscal year July 1, 2006, through June 30, 2007. (Tr. pp. 34-36).

DISCUSSION

The rates recommended by Commission Staff in this case, which were not protested, except initially by the District, appear to be just and reasonable and were designed to cover the City's sewer utility service O&M expenses and meet all of its debt service requirements, including the WVIJDC bond for plant upgrades, as more particularly described in Case No. 06-0289-S-CN, and, accordingly, will be approved.[1] The stipulation between the City and the District regarding the City's acquisition and maintenance of the District's flow meters by June 30, 2006, and the City requesting performance by Commission Staff of a class cost of service study for the fiscal year July 1, 2006, through June 30, 2007, will also be approved as fair and reasonable.

At the present time there exists between the City and the District an agreement for the treatment of the District's sewage by the City. This agreement was originally approved in Case No. 94-0751-PSD-CN (1996) and set the District's rates at $0.55 per thousand gallons of water consumption. The agreement was subsequently modified in Case No. 01-0852-PSC-C (2001) to provide for a rate of $0.796 per thousand gallons of water consumption. Assuming that the parties are amenable to amending that agreement by only changing the rate approved herein, the amended agreement, after execution, may be filed for Commission recording-keeping purposes under this docket number.

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[1]The rates recommended by Commission Staff included Leak Adjustment and Surface or Groundwater Surcharge sections which were not in the City's ordinance now on file with the Commission or included in the ordinance adopted on February 21, 2006, and will, therefore, not be included in the rates and charges approved in this proceeding. In a municipal appeal, such as this proceeding, the Commission does not have the authority to add provisions to a municipal tariff not previously considered and adopted by the municipality and which have not been noticed to the public. If the City of Parsons desires to include in its tariff the Leak Adjustment and Surface or Groundwater Surcharge sections, as recommended by Commission Staff, it will need to enact another ordinance which specifically adds those sections to its sewer tariff.

FINDINGS OF FACT

1. On February 21, 2006, the City of Parsons adopted an ordinance that increased its sewer rates and charges to become effective forty-five (45) days from the date of passage. (See, Ordinance adopted February 21, 2006).

2. On March 3, 2006, the Commission received a letter of protest from the Hamrick Public Service District, a resale customer of the City. (See, letter filed March 3, 20006)

3. Treatment of the District's sewage by the City is provided pursuant to an agreement originally approved in Case No. 94-0751-PSD-CN (1996) and subsequently modified as to rates only in Case No. 01-0852-PSC-C (2001). (See, agreements).

4. By Commission Order dated March 7, 2006, the Commission invoked its jurisdiction in this matter under West Virginia Code §24-2-4b, made the City a Respondent to this proceeding and, pending investigation, hearing and decision thereon, suspended and deferred the use of said increased rates and charges until 1201 a.m., August 5, 2006, unless otherwise ordered by the Commission. (See, Commission Order entered March 7, 2006).

5. On June 22, 2006, an affidavit of publication was filed reflecting publication of the Commission's March 7, 2006 Order on March 15, 2006, in The Parsons Advocate, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Tucker County, West Virginia. (See, Affidavit of Publication filed June 22, 2006).

6. On May 25, 2006, the City filed a copy of an affidavit of publication reflecting that the Notice of Hearing had been published for two (2) consecutive weeks, commencing on April 26, 2006, in The Parsons Advocate, a newspaper, duly qualified by the Secretary of State, published and of general circulation in Tucker County, West Virginia. (See, Affidavit of Publication filed May 25, 2006).

7. The City's Going Level rates and charges are producing an annual cash flow deficit of $26,968. With the City's proposed rates and charges (Proforma 1), the City would experience an annual cash flow surplus of $15,538 and a debt service coverage of 182.05%. The City's proposed rates and charges that include WVIJDC bond payments (Proforma 2) would provide an annual cash surplus of $18,328 and a debt service coverage of 136.12%. (See, Stmt. H of Staff Ex. 1).

8. The Staff-recommended 1 rates, as contained in Statement D, Schedule 4, of Staff Exhibit 1 represent an approximate 28.4% increase over Going Level rates and will produce an annual cash flow surplus of $12,330 and a debt service coverage of 168.71%. The Staff-recommended 2 rates, to be implemented after substantial completion of the construction approved in Case No. 06-0289-S-CN, represent an approximate 41.7% increase over the Staff-recommended 1 rates and will produce an annual cash flow surplus of $12,654 and a debt service coverage of 129.37%. (See, Tr. pp. 21-22; Stmt. H of Staff Ex. 1).

9. The City and the District stipulated on the record that they were in agreement with the Staff recommendations in this matter. (Tr. pp. 34-35).

10. The City and the District stipulated on the record that the City would acquire ownership of and assume the operation and maintenance costs of the District's flow meters on or before June 30, 2006, and that the City would request, at the appropriate time, that Commission Staff perform a class close of service study for the fiscal year July 1, 2006, through June 30, 2007. (Tr. pp, 35-36).

11. No statements were made in opposition to the Staff-recommended rates and charges. (See, Tr. p.7).

CONCLUSIONS OF LAW

1. Under the facts and circumstances of this case and considering the recommendations of Commission Staff and the stipulation to Commission Staff's recommendations by the City of Parsons and the Hamrick Public Service District, it is reasonable to disapprove the increased sewer rates and charges contained in the most recent sewer rate ordinance adopted by the City of Parsons on February 21, 2006, and to substitute therefore and approve the Staff-recommended rates and charges, attached hereto as Appendix A, for all sewer services rendered by the City of Parsons on or after 12:01 a.m., August 5, 2006, and also to approve the Staff-recommended rates and charges, attached hereto as Appendix B, for all sewer services rendered by the City of Parsons after substantial completion of the construction approved in Case No. 06-0289-S-CN.

2. The stipulation by and between the City of Parsons and the Hamrick Public Service District, regarding the flow meters now owned by the District and a future class cost of service study, is reasonable and will be approved and the City of Parsons will be directed, if it has not already done so, to acquire and assume the operation and maintenance costs associated with the flow meters owned by the Hamrick Public Service District and will also be directed to request, at the appropriate time, that Commission Staff perform a class cost of service study for the fiscal year July 1, 2006, through June 30, 2007.

3. The City of Parsons and the Hamrick Public Service District should be directed to file herein an amended sewage treatment agreement incorporating the new rates approved herein.

ORDER

IT IS, THEREFORE, ORDERED that the municipal rate ordinance adopted by the City of Parsons on February 21, 2006, shall be disapproved and the Staff-recommended rates and charges, attached hereto as Appendix A, are hereby approved for all sewer services rendered on and after 12:01 a.m., August 5, 2006, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED that the rates and charges, attached hereto as Appendix B, be, and hereby are, approved for all sewer services provided

by the City of Parsons after substantial completion of the construction approved in Case No. 06-0289-S-CN, which date shall be determined by the substantial completion certificate to be filed by the City's engineer in Case No. 06-0289-S-CN.

IT IS FURTHER ORDERED that the City of Parsons file with the Public Service Commission's Tariff Office an original and at least five (5) copies of a revised tariff containing the rates approved in Appendix A within thirty (30) days of the date that this Order becomes final.

IT IS FURTHER ORDERED that the City of Parsons shall file with the Public Service Commission's Tariff Office an original and at least five (5) copies of a revised tariff containing the rates approved in Appendix B, within thirty (30) days of the substantial completion of the project approved in Case No. 06-02889-S-CN, which date shall be determined by the substantial completion certificate to be filed by the City's engineer in Case No. 06-0289-S-CN.

IT IS FURTHER ORDERED that the Hamrick Public Service District and the City of Parsons file herein, no later than sixty (60) days after the effective date of this decision, an amended sewage treatment agreement incorporating the new rates approved herein.

IT IS FURTHER ORDERED that, if it has not already done so, the City of Parsons acquire and assume the operation and maintenance costs associated with the flow meters owned by the Hamrick Public Service District.

IT IS FURTHER ORDERED that, at the appropriate time, the City of Parsons request Commission Staff to perform a class cost of service study for its sewer operations for the fiscal year July 1, 2006, through June 30, 2007.

IT IS FURTHER ORDERED that this matter be, and hereby is, 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.

John P. Carter
Administrative Law Judge

JPC:lc
060288ab.wpd

CITY OF PARSONS – SEWER
CASE NO. 06-0288-S-MA
TO BE EFFECTIVE ON AND AFTER AUGUST 5, 2006

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale sewer service.

RATES

First	5,000 gallons used per month	$5.46 per 1,000 gallons
Next	15,000 gallons used per month	$2.70 per 1,000 gallons
All over	20,000 gallons used per month	$1.93 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $10.92 per month.

SALES FOR RESALE SERVICE

All wastewater from Hamrick PSD will be treated at the approved rate of $1.022 per 1,000 gallons of water consumed.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is applicable.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the City or a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

Public Service Commission
of West Virginia

CITY OF PARSONS – SEWER
CASE NO. 06-0288-S-MA
APPROVED TARIFF
TO BE EFFECTIVE UPON SUBSTANTIVE COMPLETION OF PROJECT APPROVED IN CASE NO. 06-0289-S-CN

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale sewer service.

RATES

First	5,000 gallons used per month	$7.74 per 1,000 gallons
Next	15,000 gallons used per month	$3.83 per 1,000 gallons
All over	20,000 gallons used per month	$2.73 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $15.48 per month.

SALES FOR RESALE SERVICE

All wastewater from Hamrick PSD will be treated at the approved rate of $1.448 per 1,000 gallons of water consumed.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is applicable.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the City or a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

Public Service Commission
of West Virginia

Ordinance to Amend Chapter 17, Section 1, 2, & 3 An Ordinance Establishing and Fixing Rates. Fees. Charges and Delayed Payment Penalty Charges for Service to Customers of the Sewer Facilities of the Combined Waterworks and Sewage System of the City of Parsons.

THE CITY COUNCIL OF THE CITY OF PARSONS HEREBY ORDAINS:
The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as charged to customers of the sewer facilities of the combined waterworks and sewage system of the City of Parsons throughout the territory served.

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for sanitary sewer service.

RATES

First	5,000 gallons used per month $4.25 per 1,000 gallons
Next	15,000 gallons used per month $2.10 per 1,000 gallons
All Over	20,000 gallons used per month $1.50 per 1,000 gallons

MINIMUM MONTHLY CHARGE

$8.50

DELAYED PAYMENT PENALTY (Adopted 5/2/89)

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SERVICE CONNECTION (Adopted 4/4/95)

Tap Inspection Fee – New Installation Fee - $300.00

There shall be a charge for connection to the system of three hundred dollars ($300.00), or actual cost of installation, including materials and labor, whichever is greater.

SECTION 2. EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective 45 days after the enactment hereof.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

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 resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to extent of such conflicts, hereby repealed; and to extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, orders or parts thereof, the same shall remain in full force and effect.

The above Ordinance was introduced at a meeting of Council held May 1, 2001. Any person(s) interested may appear before Council on the 5th day of June, 2001 at 7:00 p.m. in the Council Chambers and present protest(s).

Passed by Parsons City Council on the Third and Final Reading June 5, 2001.

Cindy L. Ramsey
Recorder

Mayor

Effective Date: **July 20, 2001**

P.S.C. W. Va. No. 7
Canceling P.S.C. W. Va. No. 6

CITY OF PARSONS, a municipal utility

OF

PARSONS, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

Parsons, Tucker County, West Virginia

Filed with THE **PUBLIC SERVICE COMMISSION**
of
WEST VIRGINIA

Issued August 8, 2006

Effective for service rendered on or after August 5, 2006
or as otherwise provided herein

Issued by authority of Orders of The
Public Service Commission of West Virginia
In Case No. 06-0288-S-MA entered June 28, 2006 and
dated August 1, 2005 or as otherwise provided herein

Issued by CITY OF PARSONS, a municipal utility

By_____

_____
Title

CITY OF PARSONS (Sewer)

P.S.C. W. Va. No. 7
Original Sheet No. 2

(C) APPLICABILITY

Applicable within the entire territory served

(C) AVAILABILITY

Available for general domestic, commercial, industrial and sale for resale sewer service

(I) RATES

First	5,000 gallons used per month	$5.46 per 1,000 gallons
Next	15,000 gallons used per month	$2.70 per 1,000 gallons
All over	20,000 gallons used per month	$1.93 per 1,000 gallons

(C,I) MINIMUM CHARGE

No bill will be rendered for less than $10.92 per month.

(N) SALES FOR RESALE SERVICE

All wastewater from Hamrick PSD will be treated at the approved rate of $1.022 per 1,000 gallons of water consumed.

(C) DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is applicable.

(C) TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

(N) RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the City or a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

(C) Indicates change in text
(I) Indicates increase
(N) Indicates new

CITY OF PARSONS (Sewer)

P.S.C. W. Va. No. 7
Original Sheet No. 3

(N) LEAK ADJUSTMENT

$0.48 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

(N) Indicates new

CITY OF PARSONS (Sewer)

P.S.C. W. Va. No. 7
Original Sheet No. 4

(N) SURFACE OR GROUNDWATER SURCHARGE

An additional amount shall be charged where surface or groundwater is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in case where surface drainage is connected to the utility's sewer system.

APPLICABILITY

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system, and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the utility, in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times 0.0006233 \times C$$

S	=	The surcharge in dollars
A	=	The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.'
R	=	The measured monthly rainfall, in inches.
.0006233	=	A conversion factor to change inches of rain X square feet of surface water to thousands of gallons of water.
.0008333	=	A conversion factor to change inches of rain X square feet of surface water to $ per 100 cubic feet.
C	=	The utility's approved rate per thousand gallons of metered water usage.

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules of the Public Service Commission of West Virginia.

(N) Indicates new

State of West Virginia
County of Tucker
City of Parsons

Call to Order

Mayor Rosenau called the meeting of the Parsons City Council to order February 21, 2006 at 7:00 p.m.

Call of Roll

Recorder Judy called the roll, finding the following members in attendance: Roy, Maxwell, Barb, Goss, Judy and Mayor Rosenau; those absent were: Lambert and Alkire.

Approval of Agenda

A motion made by Roy to remove the agenda item regarding the former NAPA Building on First Street and approve all other items on the agenda, seconded by Barb, all were in favor.

Opening Prayer

Recorder Judy led with the Opening Prayer.

Pledge of Allegiance

Myers led with the Pledge of Allegiance.

Minutes to be Approved

A motion made by Roy to approve the previous meeting minutes of February 7, 2006, seconded by Goss, all were in favor.

Guests Wishing to Address Council

Guest(s) present were: Jason Myers, Jack McGuigan, Julieanne Cooper (The Inter-Mountain), Chris Stadelman (The Parsons Advocate), William Dodge and Michael Helmick (Hamrick Public Service District).

Michael Helmick appeared before Council on behalf of the Hamrick Public Service District to protest the rate increase of 29-30% and presented the Council with a letter of protest.

Payment of Bills-Review/Approval or Disapproval

A motion by Roy to approve payment of bills, as presented, seconded by Maxwell, all were in favor.

Myers asked Council to pre-approve two Purchase Orders:

Vendor: The C.I. Thornburg Company, Inc.
Description: (5) – 1" Sensus Water Meters

Vendor: The C.I. Thornburg Company, Inc.
Description: Water Treatment Chemicals

A motion made by Barb to approve the above two purchase orders, seconded by Roy, all were in favor.

Final Reading/Public Hearing: Sewer Rate Increase Ordinance – Review/Discussion/Motion

Recorder Judy read the final reading for the Sewer Rate Increase Ordinance.

A motion made by Barb to approve the final reading of the Sewer Rate Increase Ordinance, seconded by Goss, all were in favor.

Recorder Judy read Tariff Form No. 12.

Unfinished Business

Sanitary Sewer System Improvements Project:

1. Project Update – Thrasher Engineering, Inc.

   Mayor Rosenau and City Administrator Myers met with Thrasher Engineering, Inc. and they requested that the Council authorize the Mayor to sign the updated/new engineering agreement.

   A motion made by Judy to authorize Mayor Rosenau to sign the updated/new engineering agreement with Thrasher Engineering, Inc, seconded by Maxwell, all were in favor.

Replacement of Existing Water Storage Tank Project:

1. Project Update – Thrasher Engineering Inc.

Mayor Rosenau advised that Pat A. Nichols had received the deeds for the property purchased from the Eidell family and heirs for the New Water Storage Tank Replacement Project.

Parsons Streetscape Improvement Project (a.k.a. Lover's Lane Project) – Charles W. Rosenau

The Parsons Advocate has scheduled a town hall type meeting at the Senior Center in Parsons for the purpose of a public input/comments on the Lover's Lane Project.

Mayor Rosenau discussed the matching funds needed for the project and advised that Region VII Planning & Development Council would help the City on securing additional funding. Mayor Rosenau stated that he is scheduled to meet with Mountaineer Gas Company, Allegheny Energy and Frontier about utility relocation along U.S. Route 219 (a.k.a. Lover's Lane).

Governor's Community Partnership Program for Parsons Revitalization Organization (P.R.O.) – Part One: Review Grant Program Contract – Discussion/Motion; If accepted, then – Part Two: Resolution to Accept All Terms and Conditions of the Contract with the West Virginia Development Office – Review/Motion

A motion was made by Barb to request that Pat A. Nichols (City Attorney) review the contract with the West Virginia Development Office for P.R.O.('s) project, seconded by Roy with Judy abstaining, due to membership on P.R.O.; all others were in favor. Motion carried.

Tucker County Courthouse Annex Project – Tucker County Commission

Sam Eichelberger and David Leary came before Council to seek their support on the construction of an annex to the Tucker County Court House. After much discussion it was suggested to table the issue until a full quorum of Council was present.

A motion was made by Roy to table the above issue until the next meeting, seconded by Judy, all were in favor.

New Business

Tucker Community Endowment Foundation: Memorandum of Understanding – Review/Discussion/Motion

A motion made by Barb to accept the Memorandum of Understanding from the Endowment Foundation, seconded by Goss, all were in favor.

HACH Company Quotation – Review/Discussion/Motion

Council review the HACH Company quotation for an annual service contract for a piece of HACH equipment housed at the Water Treatment Plant at a price of $930.00 for the following dates: 3/16/06 – 3/15/07.

A motion made by Judy to accept the HACH Company quotation for $930.00 for the dates indicated above, seconded by Goss, all were in favor.

Financial Statement (s) for Month(s) Ending: December 31, 2005 and January 31, 2006 – Review/Discussion/Motion

Myers requested that Council approve an "In-House" General Fund Budget Revision, which is attached hereto.

A motion made by Goss to approve the financial statement for month(s) ending: December 31, 2005 and January 31, 2006 and the "In-House" General Fund Budget Revision, seconded by Maxwell, all were in favor.

Committee/Council Member Report(s)

Cemetery Committee

Council Member Roy suggested that Council purchase grave markers for the Parsons City Cemetery. He presented two types of marker: steel and aluminum.

A motion made by Goss to approve the purchase of aluminum grave markers, seconded by Maxwell, all were in favor.

Myers stated that Thrasher Engineering, Inc. could provide the City with an aerial map of the Parsons City Cemetery. Council requested that Myers get a quote from Thrasher Engineering, Inc. and present it at the next meeting.

Roy suggested setting up a Committee to work with Parsons Revitalization Organization (P.R.O.). Mayor Rosenau advised Roy that he had setup an EDA Committee which consisted of: Jane Barb, Jane McGuigan and Robert Burns; that could work with P.R.O.

Adjournment

A motion by Goss to adjourn, seconded by Maxwell, all were in favor.

Respectfully Submitted by:

James L. Judy
Recorder

Charles W. Rosenau
Mayor

State of West Virginia
County of Tucker
City of Parsons

Call to Order

Mayor Rosenau called the meeting of the Parsons City Council to order February 7, 2006 at 7:00 p.m.

Call of Roll

In the absence of Recorder Judy, Lois Lambert was asked to fill the position of Recorder. Lambert called the roll, finding the following members in attendance: Roy, Maxwell, Barb, Goss, Lambert and Mayor Rosenau; those absent were: Recorder Judy and Councilman Alkire.

Approval of Agenda

A motion made by Barb to approve the agenda, as presented, seconded by Maxwell, all were in favor.

Opening Prayer

Hazel Phillips led with the Opening Prayer.

Pledge of Allegiance

Maxwell led with the Pledge of Allegiance.

Minutes to be Approved

A motion made by Roy to approve the previous meeting minutes of January 17, 2006, seconded by Goss, all were in favor.

Guests Wishing to Address Council

Guest present were: Jason Myers, Jack McGuigan, Julieanne Cooper (The Inter-Mountain), Christopher Stadelman (The Parsons Advocate), William Dodge, Hazel Phillips, Robert Burns (Tucker Community Endowment Foundation), Jean Wilmoth, Jon Tucci (Mega Energy, Inc.) and Scott Hornafius.

Chris Stadelman (The Parsons Advocate) appeared before City Council to announce that The Parsons Advocate was sponsoring a town hall type meeting on February 23, 2006 beginning at 6:00 p.m. at the Parsons Senior Center. He was hoping that representatives

of Parsons City Council, P.R.O., Parsons Park Board, Inc., Tucker County Historical Society, citizens, etc. would be in attendance to discuss what direction people would like Parsons to go in.

Mega Energy, Inc. representative Jon Tucci and Scott Hornafius appeared to inform City Council that drilling would begin at the Wilfong Lease Well in approximately two weeks. He advised they would be developing a right-of –way for the transmission of natural gas if drilling is successful.

Payment of Bills-Review/Approval or Disapproval

A motion by Roy to approve payment of bills as presented, seconded by Maxwell, all were in favor.

Unfinished Business

William M. Harman Memorial Fund

1. Guidelines

   Pat Nichols (City Attorney) appeared before City Council to explain the guidelines for the William M. Harman Memorial Fund as prepared by Robert Burns from the Tucker County Endowment Foundation and himself. Mr. Burns stated that the draft presented by Mr. Nichols was totally acceptable.

   A motion made by Goss to approve the Guidelines for the William M. Harman Memorial Fund as presented, seconded by Maxwell, all were in favor.

2. Contribution Application Funding Clarification

   Myers advised of the miscalculation of monies received from the William M. Harman Memorial Fund by the City of Parsons, involving the $1,583.73 that was previously obligated. This $1,583.73 was used in the calculation of the City of Parsons funding requests; therefore, this $1,583.73 could not be used to pay for the entrance doors for the Municipal Building as previously committed.

Sanitary Sewer System Improvements Project:

1. Project Update – Thrasher Engineering, Inc.

   The Sanitary Sewer System Improvements Project has been filed with the West Virginia Public Service Commission.

Replacement of Existing Water Storage Tank Project:

1. Project Update – Thrasher Engineering Inc.

City Council is waiting for approval from the West Virginia Public Service Commission, all paper work and property work has been filed.

Parsons Streetscape Improvement Project (a.k.a. Lover's Lane Project) – Charles W. Rosenau

A motion made by Roy to advertise for an engineering firm for planning and design of this project, seconded by Goss, all were in favor.

Sewer Rate Increase Ordinance – Second Reading – Review/Discussion/Motion

Acting Recorder Lambert read the second reading of the Sewer Rate Increase Ordinance.

A motion made by Barb to approve the second reading of the Sewer Rate Increase Ordinance, seconded by Goss, all were in favor.

Deposal of 1958 TERL (Mobile Home) – Hoy "Pete" Roy

A motion made by Roy to place a legal advertisement for competitive bid in The Parsons Advocate for the 1958 TERL (Mobile Home) situate on McFadden Street, Parsons, West Virginia, seconded by Barb, all were in favor.

West Virginia Department of Transportation Projects, Division of Highways: Project Updates – Charles W. Rosenau

Mayor Rosenau advised that contractors should begin construction within thirty days of the following bid dates:

Rails to Trails (Nursery Bottom Road to Kohler Street)	2/28/2006
Parsons Town Bridge	4/28/2006
Black Fork Bridge	9/28/2007.

Traffic patterns during the construction of the Parsons Town Bridge were discussed. Lambert stated that she felt there was a serious need for traffic lights at Central Avenue intersection during the Parsons Town Bridge construction, due to congestion and truck traffic. She felt that stop signs would not be adequate.

New Business

Former NAPA Building on (First Street) – Charles W. Rosenau

Mayor Rosenau requested the City of Parsons to accept ownership of the former NAPA building on First Street, Parsons, West Virginia. He stated that the building was structurally sound.

A motion made by Barb to table this issue until more information on funding can be presented, seconded by Lambert, all were in favor.

Tucker County Animal Control (a.k.a. Dog Warden) – Minnie Parsons and Cathy Parsons

Minnie Parsons and Cathy Parsons came before City Council to request the use of the old water treatment plant building on Fork Mountain as an animal control shelter. Roy suggested they apply for grant monies to eventually locate a new facility at the wastewater treatment plant property. A motion made by Barb to approve the use of the old water treatment plant on Fork Mountain to be use by the Tucker County Animal Control for an animal shelter for a period of one year at no cost and to be renegotiated in July 2006 by the new administration, if deemed necessary, seconded by Goss; those in favor were: Barb, Goss, Lambert and Maxwell; those opposing were Roy. Motion carried.

Committee/Council Member Report(s)

Street Committee

Roy presented information on a Mauldin Paving Machine for City Council to consider at a cost of $38,000.00.

Cemetery Committee

Roy advised that lot markers were in the process of being ordered and installed.

Finance Committee

Barb stated that a system should be in place for City equipment to be checked in and out to prevent loss. Myers stated that one is in place.

Other

Lambert stated that lower Central Avenue needed to be paved.

Mayor Rosenau and Myers informed City Council that 22 of the 50 new water meters have been installed.

Mayor Rosenau advised City Council of the major need for re-evaluation of the floodplain of the City of Parsons.

Adjournment

A motion by Goss to adjourn, seconded by Barb, all were in favor.

Respectfully Submitted by:

Lois J. Lambert
Acting Recorder

Charles W. Rosenau
Mayor

Minutes typed by: James L. Judy, Recorder

State of West Virginia
County of Tucker
City of Parsons

Call to Order

Mayor Rosenau called the meeting of the Parsons City Council to order on January 17, 2006 at 7:00 p.m.

Call of Roll

Recorder Judy called the roll, finding all members present.

Approval of Agenda

A motion made by Roy to approve the agenda as presented, seconded by Goss, all were in favor.

Opening Prayer

Hazel Phillips led with the Opening Prayer.

Pledge of Allegiance

Myers led with the Pledge of Allegiance.

Minutes to be Approved

A motion made by Roy to approve the previous minutes of January 3, 2006, seconded by Barb, all were in favor.

Guests Wishing to Address Council

Guest present were: Jason Myers, Jack McGuigan, Julieanne Cooper (The Inter-Mountain), Chris Stadelman (The Parsons Advocate), William Dodge, George Smith, Hazel Phillips, Rick Bodkin Jr., April Bodkin, Marvin Canfield and Mike Rosenau.

Mike Rosenau came before council to thank council for the dirt at the ball field in Parsons, and talked about grants applied for and a pool and recreation center and expressed their desire to work with council. The park board meets the 1st Wednesday of each month everyone is invited and Mike expressed that the park board desires the public to give their input as to what they would like to see developed at the park.

Jack McGuigan came before council to express his approval of the Harman Committees meeting and also expressed his desire for the council to adopt a set of guidelines for the Harman Committee to go by, after some discussion from council and Mayor Rosenau, Barb suggested having the City Attorney appear at the next council meeting look over the guide lines suggested by the Endowment Foundation.

Final Reading/Public Hearing: Water Rate Increase Ordinance – Review/Discussion/Motion

Recorder Judy read the final reading for the water rate increase ordinance.

A motion made by Bard to approve the final reading of the water rate increase ordinance, seconded by Goss, all were in favor.

Recorder Judy read the public notice of the water rates.

Unfinished Business

Sanitary Sewer System Improvements Project:

1. Project Update – Thrasher Engineering, Inc.

A past due invoice was received from Nelson Excavating in the amount of $1,617.79 for sidewalk contract on 219, council decided that Nelson will have to take action.

Recorder Judy read updates for both water and sewer projects from Thrasher Engineering.

Replacement of Existing Water Storage Tank Project:

1. Project Update – Thrasher Engineering Inc.

Recorder Judy read update from Thrasher Engineering Inc.

New Business

1. First Annual Spring Fair (May 9 – 13, 2006) – Jason L. Myers – Discussion/Motion

A motion by Barb to approve the use of the City Streets and some buy out lots in Pulp Mill Bottom for the use of the First Annual Spring Fair held by the Parsons Vol. Fire Dept. May 9 – 13, 2006, seconded by Lambert, all were in favor.

1. William M. Harman Memorial Fund Ad Hoc Committee – Contribution Application Funding Recommendations. – Charles W. Rosenau (Chairperson) – Review/Discussion/Motion

Mike Rosenau of the Parsons Park Board gave a break down for their request in the amount of $32,476.00.

Marvin Canfield of the Five Rivers Library, gave a break down for their request in the amount of $41,000.00

Jane Barb of the Cemetery Committee requested $10,000.00

Jason Myers representing the benefit of the citizens of Parsons gave a break down for their request in the amount of $49,586.00.

A motion made by Barb to approve the request for $32,476.00 for the Parsons Park Board and $41,000.00 for the Five Rivers Library, and $10,000.00 for the Cemetery Committee and $49,586.00 for the benefit of the Citizens of Parsons, Roy suggested to vote on each entity separate because he is a member of the Park Board and cannot vote on that entity in the motion.

Barb resends her motion.

Roy made a motion, to vote on giving each entity their request with separate motions, seconded by Barb, all were in favor.

A motion made by Barb to approve a revision for the Cemetery in the amount of $12,008.29 and also approve their request of $10,000.00 from the Harman Fund, seconded by Goss, all were in favor.

A motion made by Lambert to approve the Park Boards request from the Harman Fund in the amount of $32,476.00, seconded by Barb, with Roy abstaining because of his being a member of the Parsons Park Board, all other council members were in favor.

A motion made by Barb to approve the Five Rivers Library request from the Harman Fund in the amount of $41,000, seconded by Goss, all were in favor.

A motion made by Roy to approve $49,586.00 for the benefit of the Citizens of Parsons from the Harman Fund, seconded by Goss, all were in favor.

Sewer Rate Increase Ordinance – First Reading – Review/Discussion/Motion

Recorder Judy read the first reading of the Sewer Rate Increase Ordinance.

A motion made by Barb to approve the first reading of the sewer rate increase Ordinance, seconded by Goss with regrets, those in favor were Roy, Maxwell, Judy, Barb and Goss, those who oppose were Alkire and Lambert. Motion carried.

Governor's Community Partnership Program for Parsons Revitalization Organization (P.R.O.) – Part One: Review Application – Discussion/Motion; If accepted, then – Part

Two; Resolution to Accept All Terms and Conditions of the Contract with the West Virginia Development Office – Review/Motion

After a discussion of council about P.R.O. and their involvement of Front Street a motion was made by Roy to approve the Governor's Community Partnership Program including the Resolution to accept all terms and conditions of the contract with the West Virginia Development Office, seconded by Barb, with Judy abstaining due to his being a member of P.R.O. all others were in favor.

Equipment Quotes; Water/Wastewater Department – 3" Trash Pump; Police Department – Hand Guns – Review/Discussion/Motion

A motion made by Goss to approve the purchase of a 3" trash pump from C.I. Thornburg Co. Inc. of Bridgeport WV. Made by Honda and is an 8 HP in the amount of $1.350.00, seconded by Maxwell, all were in favor.

Police Chief Gidley gave quotes from Adkins Home Center for two revolvers and council decided that only one revolver would be necessary and should match the one that he now has. Chief Gidley was instructed to get a quote on a matching revolver.

Committee/Council Member Report(s)

Barb discussed the lease with McDermott Woodwork Inc.
Lambert asked about the changes in fines on property owners that refuse to clean up their property.
Alkire discussed a problem with a tractor and trailer parking on Penn. Ave. creating a hazard.

Recorder Judy read a revision to the garbage ordnance chapter 10 article 5 changing the fines from first offence $5.00 to $50.00 and second offence from $10.00 to $75.00 and third offence from $25.00 to $100.00.

A motion by Lambert to approve the revision of chapter 10 article 5 of the garbage ordnance changing the fines, seconded by Barb all were in favor.

Council discussed refuse needing to be cleaned up around property on Donahue St. and Billings Avenue also sewer problems also discussed the installation of water meters.

Recorder Judy read a request from the Sheriff's Office to help in obtaining a new computer to operate their CRIS or Crime Report Information System and the City for their share would have full access to the CRIS program. The amount requested is $1,200.00

A motion by Alkire to approve $1,200.00 to assist the Sheriff's Office in purchasing the computer to operate their Crime Report Information System and giving the City of Parsons full access to this system, seconded by Maxwell, all were in favor.

Mayor Rosenau discussed monies left over in the Harman Funds in the amount of $1,500.00 and request that council use these funds to install another set of doors on the other end of City Hall.

A motion made by Roy to approve installing new outside doors at the end where the Police Department is now located and not to exceed $1,500.00, seconded by Lambert, all were in favor.

Adjournment

A motion by Goss to adjourn, seconded by Alkire, all were in favor.

Respectfully Submitted by:

James L. Judy
Recorder

Charles W. Rosenau
Mayor

State of West Virginia
County of Tucker
City of Parsons

Call to Order

Mayor Rosenau called the meeting of the Parsons City Council to order on January 3, 2006 at 7:00 p.m.

Call of Roll

Recorder Judy called the roll, finding all members present.

Approval of Agenda

A motion made by Goss to approve the agenda, as presented, seconded by Barb, all were in favor.

Opening Prayer

Judy led with the Opening Prayer.

Pledge of Allegiance

Myers led with the Pledge of Allegiance.

Minutes to be Approved

Roy advised of a correction to the December 20, 2005 minutes that needed to be made in the section regarding when the cemetery committee reported about gravesites needing to be fixed as recommended by James Frymyer. The correction to that section is that Frymyer did not recommend that the gravesites be fixed.

A motion by Lambert to approve the minutes for December 20, 2005; with the correction that James Frymyer never recommended that any gravesites be repaired, seconded by Goss, all were in favor.

Guests Wishing to Address Council

Guest present were: Jason Myers, Jack McGuigan, Julieanne Cooper (The Inter-Mountain), Kelly Stadelman (The Parsons Advocate), William Dodge, George Smith and Christopher Gidley.

No guests wishing to address council.

Payment of Bills – Review/Approval or Disapproval

A motion by Roy to approve payment of bills, seconded by Maxwell, all were in favor.

Unfinished Business

Sanitary Sewer System Improvements Project:

1. Project Update – Thrasher Engineering, Inc.

   No report given.

Replacement of Existing Water Storage Tank Project:

1. Project Update – Thrasher Engineering Inc.

   Mayor Rosenau reported that the permit had been approved from the West Virginia Department of Health & Human Resources (a.k.a. State Health Department).

Water Rate Ordinance: Second Reading – Review/Discussion/Motion

The Mayor and Council discussed the schedule for advertising the rate increase and the time for customers to file complaints.

Recorder Judy read the second reading of the water rate ordinance.

A motion by Barb to approve the second reading of the water rate ordinance, seconded by Lambert, all were in favor.

New Business

2006 Budget Preparation Regional Workshop for West Virginia Municipal Officials – Discussion/Review/Motion

A motion by Alkire to approve the City Administrator (Myers) to attend the 2006 Budget Preparation Regional Workshop for West Virginia Municipal Officials, seconded by Goss, those opposing were: Barb, Roy, Judy, Maxwell and Lambert. Motion failed.

A motion by Goss to approve Barb, Judy and Myers to the 2006 Budget Preparation Regional Workshop for West Virginia Municipal Officials, seconded by Maxwell, all were in favor, with the exception of Alkire, which opposed. Motion carried.

Federal Emergency Management Agency/U.S. Department of Homeland Security Issues/Concerns – Charles W. Rosenau

Mayor Rosenau wanted to thank anyone that had anything to do with the floodwall and stated that the Pittsburgh Army Corp of Engineers had raised the flood stage from 13 feet to 16. He advised that this year's federal budget includes funding for F.E.M.A. to revised our current FIRM maps for Parsons. Mayor requested that Council allow him to approach Canaan Valley Institute about working with the Pittsburgh Army Corp of Engineers with regards of working up the data that will be needed to accomplish the task of making Parsons safe.

A motion by Barb to allow the Mayor Rosenau to approach Canaan Valley Institute, reference the above-mentioned purpose, seconded by Roy, all were in favor.

Other items discussed were the new bridge, elevating the floodwall and what can be done with the F.E.M.A. buyout lots once the above-mentioned project is completed.

Executive Session

Personnel Issues

A motion by Goss to enter into executive session, seconded by Maxwell, all were in favor.

A motion by Maxwell to enter into regular session, seconded by Alkire, all were in favor.

Mayor Rosenau stated that personnel and overtime was the issues discussed in executive session.

Committee/Council Member Report(s)

Cemetery Committee: Roy (Chairperson) requested that the port-a-potty at the cemetery be removed for the winter months.

A motion by Judy to have the port-a-potty removed from the cemetery for the winter months, seconded by Goss, all were in favor.

Roy advised of a water drain problem behind the Church of God. Mayor Rosenau turned the issue over to the Street Committee.

Finance Committee: Barb (Chairperson) read a letter from Attorney Janet Preston concerning the rental lease with McDermott Woodwork, Inc.

A motion by Barb to approve the Mayor to sign the lease with McDermott Woodwork, Inc., seconded by Goss, all were in favor, with the exception of Roy, which opposed. Motion carried.

Police Committee: Maxwell wished the Christopher Gidley (Police Chief) good luck at the West Virginia State Police Academy.

Finance Committee: Alkire (Member) presented General Fund Budget Revision No. 3.

A motion by Goss to approve General Fund Budget Revision No. 3, seconded by Lambert, all were in favor.

Adjournment

A motion by Judy to adjourn, seconded by Barb, all were in favor.

Respectfully Submitted by:

James L. Judy
Recorder

Charles W. Rosenau
Mayor

State of West Virginia
County of Tucker
City of Parsons

I. Call to Order

Mayor Charles Rosenau called the meeting of the Parsons City Council to order December 20, 2005 at 7:00 p.m.

II. Call of Roll

Acting Recorder Lambert called the roll, finding the following members present: Franklin Alkire, John Goss, Hoy Roy, Jane Barb, Cheryl Maxwell, Lois Lambert and Charles Rosenau (Mayor). Recorder Judy was absent.

III. Approval of Agenda

A motion by Alkire to approve the agenda, as presented, seconded by Goss, all were in favor.

IV. Opening Prayer

Hazel Phillips opened with prayer.

V. Pledge of Allegiance

Jane Barb led with the Pledge of Allegiance.

VI. Minutes to be Approved (Previous Meeting)

A motion by Goss to approve the minutes of the December 6, 2005 Council Meeting, seconded by Roy, all were in favor.

VII. Guest(s) Wishing to Address Council

None.

VIII. Payment of Bills – Review/Approval or Disapproval

A motion by Roy to approve payment of bills, seconded by Maxwell, all were in favor.

IX. Unfinished Business

A. Sanitary Sewer System Improvements Project/Wastewater Treatment Improvements Project:

1. Project Update – Thrasher Engineering, Inc.

Mayor Rosenau stated that Thrasher Engineering, Inc. is paying for the repairs at the Wastewater Treatment Plant and it should be completed soon.

B. Replacement of Existing Water Storage Tank Project: Project Update Thrasher Engineering, Inc.

There is now three-phase electric at the Water Treatment Plant. The land purchase is on fast track, the lawyer fee is $250.00 and the total cost for an additional one and half acres is $4,000.00. The project is waiting for PSC for approval.

C. Water Line Replacement Project: Hiring of Engineering Firm-Water/Sewer Committee Recommendation – Discussion/Motion

A motion made by Alkire to hire Thrasher Engineering, Inc. for the Water Line Replacement Project, following a discussion about interviewing the following firms on a scoring system with Thrasher Engineering, Inc. scoring highest with 171, Dunn Engineering, Inc., 156 and Chapman Technical Group 156, also discussed the Small Cities Block Grant, the motion was seconded by Roy, with Barb and Maxwell opposing, all others were in favor. Motion carried.

D. 2005 Parsons Christmas Parade – Jason L. Myers

Myers stated that the Christmas Parade was a great success. The Inter-Mountain applauded us. Myers wished to thank the Fire Departments, Citizens National Bank, all volunteers, Churches and Businesses for their participation.

E. Lease Agreement – McDermott Woodwork, Inc. – Review/Discussion/Motion

A motion by Alkire to renew the contract for McDermott Woodwork, Inc. at $458.00 with a one year lease and with the option to renew, seconded by Goss, with Roy opposing and all others in favor. Motion carried.

F. Garbage Collection Schedule Change – Garbage Committee (Lois J. Lambert)

Discussion/Motion

A motion by Maxwell to try the garbage collection schedule change from five days a week to three days a week for one month and then re-evaluate, seconded by Barb, with Alkire opposing, all others were in favor. Motion carried.

X. New Business:

Barb stated that she has been getting complaints about property on Billings Avenue, owned by the Jolly's that is in the process of being torn down. Barb stated it had been torn down and the rubble was still on the ground. Also discussed was the James property on Price Street. Mr. James stated that he would be willing to pay one-half of the cost for the clean up of his property, which would be $1,715.00 at a rate of $25.00 per month until paid in full. Council decided to consult with the City Attorney about this matter. Goss stated that the Kisamore property on Poplar Street needed cleaned up.

A. Water Rate Ordinance: First Reading – Review/Discussion/Motion

A motion by Barb to accept the first reading of the Water Rate Ordinance with approximately 31% rate increase, seconded by Goss, all were in favor with regret.

B. Financial Statement(s) for Month Ending: October 31, 2005 and November 30, 2005 – Review/Discussion/Motion

A motion by Goss to approve the financial statement for month ending October 31, 2005 and November 30, 2005, seconded by Barb, all were in favor.

XI. Executive Session:

A. Personnel Issues

Mayor Rosenau stated that things are working out and an executive session would not be necessary.

Other Business:

A motion made by Maxwell to remove the Police Chief off of probation and into full time status for a 2- year term, seconded by Goss, all were in favor.

XII. Committee/Council Member Report(s)

Cemetery Committee: Roy reported that drain pipe had been installed. He also discussed a couple grave sights that needed to be fixed, as

recommended by James Frymyer. He advised that the committee recommended that the Paupers' graves be cleaned.

Water Committee: A motion by Barb to approve the purchase of 50 Sensus Touch Read Water Meters, seconded by Goss, all were in favor.

Mayor Rosenau said that Elmer Watring and Marshall Parsons are to assist in installing the new water meters.

Other Business: Alkire commended the Maintenance Department on the job they are doing.

Lambert commended the city snow removal crew.

XIII. Good and Welfare of City

The matter involving the Dollar General Store sign was turned over to the Maintenance/Street Committee.

Mayor Rosenau wanted to have a public meeting to discuss design ideas for Lovers Lane, First Street and Chestnut Street.

Roy stated that he understood the Davis Center was in trouble on being completed and suggested that Council send a resolution favoring the completion of the new Davis Center to the Governor and the Division of Corrections, Department of Juvenile Services.

A motion by Roy to send a resolution favoring the completion of the Davis Center to the Governor and the Department of Corrections, seconded by Goss, all were in favor.

XIV. Correspondence(s)

1. Mayor Rosenau read a correspondence from Atlantic Broadband, LLC, regarding a rate increase on Parsons area customers.

XV. Adjournment

Motion by Alkire to adjourn, seconded by Goss, all were in favor.

Respectfully Submitted by:

Lois Lambert, Acting Recorder

Charles W. Rosenau, Mayor

Typed by: James L. Judy, Recorder

Public Service Commission
Of West Virginia
Charleston

Case No. 06-0288-S-MA

City of Parsons,
a municipal utility
investigation and suspension of increase
in sewer rates and charges as a result
of petitions filed in accordance with
West Virginia Code §24-2-4b.

Notice of Hearing

On February 21, 2006, the City of Parsons (City) adopted an ordinance which increased its rates and charges for providing sewer service to its customers, to become effective on and after April 7, 2006.

By Commission Order entered on March 7, 2006, the Public Service Commission invoked its jurisdiction in this matter under West Virginia Code §24-2-4b, suspending the increased rates until 12:01 a.m., August 5, 2006, unless otherwise ordered by the Commission.

This municipal appeal has been scheduled for hearing to be held on May 30, 2006, in the Magistrate Court Room, Parsons City Hall, 201 Walnut Street, Parsons, West Virginia, to commence at 10:00 a.m., at which time and place the parties and all interested persons shall appear and represent their interests as may be deemed appropriate. Individuals may also make written comments to the Executive Secretary, Public Service Commission of West Virginia, P.O. Box 812, Charleston, West Virginia 25323, on or before May 30, 2006.

The final rates approved by the Commission may be higher than, the same as or lower than the City's proposed rates.

City of Parsons

4-26, 5-3

RECEIVED
2006 MAY 25 AM 8:31
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Certificate of Publication

I, Chris Stadelman, publisher of The Parsons Advocate, a weekly newspaper published at Parsons, Tucker County, West Virginia, do herby certify that the annexed Notice of Hearing

in the case of City of Parsons Case no. 06-0288-S-MA

vs.

has been published for 2 consecutive weeks in said newspaper, beginning with the issue of April 26.

Given under my hand this 3 day of May 2006

Publisher

Publication fee $ 50.72 Total $88.76
2nd $38.04

STATE OF WEST VIRGINIA, COUNTY OF TUCKER, to-wit:

Chris Stadelman, publisher of The Parsons Advocate, being duly sworn, says that statements contained in the above certificate are true and correct, to the best of his knowledge and belief.

Affiant

Sworn to and subscribed before me, this the 3 day of May, 2006.

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
REBECCA L. POLOMSKI
RT. 2 BOX 135 PARSONS, WV 26287
My Commission Expires August 20, 2013

My Commission expires 8/20, 2013

06-0288-S-MA

Certificate of Publication

I, Chris Stadelman, publisher of The Parsons Advocate, a weekly newspaper published at Parsons, Tucker County, West Virginia, do hereby certify that the annexed Commission Order Suspending Rates and Referring to Administrative Law Judge in the case of City of Parsons

vs.

has been published for 1 consecutive weeks in said newspaper, beginning with the issue of March 15

Given under my hand this 15 day of Mar 2006

Publisher

Publication fee $ 118.33

STATE OF WEST VIRGINIA, COUNTY OF TUCKER, to-wit:

Chris Stadelman, publisher of The Parsons Advocate, being duly sworn, says that statements contained in the above certificate are true and correct, to the best of his knowledge and belief.

Affiant

Sworn to and subscribed before me this the 15 day of March 2006

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC

Notary Public

My commission expires Nov 30 2014

RECEIVED
2006 JUN 22 P 2:21
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

RECEIVED
2006 MAR 22 PM 2:20
PUBLIC SERVICE COMMISSION

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 7th day of March 2006.

CASE No. 06-0288-S-MA

CITY OF PARSONS,
a municipal corporation.
Investigation and suspension of increase in sewer rates and charges as a result of petitions filed in accordance with West Virginia Code §24-2-4b

COMMISSION ORDER SUSPENDING RATES AND REFERRING TO ADMINISTRATIVE LAW JUDGE

WHEREAS, on or about February 21, 2006, the City of Parsons (City) adopted an ordinance which increased the sewer rates for service to customers of the City to become effective April 7, 2006.

WHEREAS, the West Virginia Code §24-2-4b granted March 1, 1979 and amended July 1, 1981, authorizes any municipality primary approval of rate increases of municipally operated water facilities by the State Legislature upon the filing of petitions by a majority of the customers of the utility affected by the ordinance proposing rate increases and

WHEREAS, the law provides, as amended, that any rate or charge which presents to the Commission a petition signed by not less than twenty-five percent of the customers of the municipal utility or by not less than twenty-five percent of the customers outside the municipal boundaries of such municipal utility and who receive water service from such municipal or general public utility or

any combination of the foregoing classes of customers, which petition is accompanied by evidence of discrimination, or

any customer or group of customers who are affected by such change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customers or groups of customers and other customers of the municipality, which petition is accompanied by evidence of discrimination; and

WHEREAS, on March 3, 2006, the Commission received a letter of protest from the Hannah Public Service District, a wastewater customer of the City. The letter stated that the District objects to the proposed rate increase and indicates it is discriminatory based on a proposed increase of 30% over the current rate for abatement. The District requested suspension of any sewer increases and Commission review of the ordinance pursuant to Rule 44 of the Commission's Rules for the Construction and Filing of Tariffs under West Virginia Code §24-2-4b.

IT IS THEREFORE ORDERED that the City of Parsons, a municipal utility, be, and it hereby is, made respondent to this proceeding, and, pending investigation, hearing and decision thereon, pursuant to the requirement of West Virginia Code §24-2-4b, and the Commission's General Order No. 200.3 adopted September 9, 1983, the aforesaid proposed sewer rates and charges are hereby suspended and the use of the rates and charges stated therein deferred until 12:01 a.m., August 5, 2006, unless otherwise ordered by the Commission, to enable the Commission to examine and investigate the proposed sewer rate increases and to provide time for the Commission's Administrative Law Judge to conduct the necessary hearing required by the aforesaid provisions of the West Virginia Code.

IT IS FURTHER ORDERED that this proceeding be referred to the Division of Administrative Law Judges.

IT IS FURTHER ORDERED that Commission Staff shall submit its report on or before May 22, 2006.

IT IS FURTHER ORDERED that the ALJ Division shall render its decision in this matter on or before July 6, 2006.

IT IS FURTHER ORDERED that the foregoing decision due date will not be extended, except upon formal application to the Commission by the parties.

IT IS FURTHER ORDERED that the Secretary of the Commission shall give notice of Commission jurisdiction and suspension of said rates and charges, by mailing a copy of this order to the City of Parsons, a municipal utility, and to the petitioners by United States Certified Mail, return receipt requested.

IT IS FURTHER ORDERED that the Secretary of the Commission shall cause a copy of this Order to be published once in a newspaper of general circulation in the City of Parsons, within five days of the date this Order is issued.

IT IS FURTHER ORDERED that any person or City interested in becoming a party to this proceeding should file a petition to intervene with the Executive Secretary of the Commission, P.O. Box 812, Charleston, West Virginia 25323, within 10 days of the date this Order is published in the newspaper. All requests to intervene should briefly state the reason for the intervention and must comply with the Commission's rule on interventions.

3-15

Tariff Form No. 12
(Tariff Rule 44)

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

NOTICE is hereby given that the City of Parsons public utility has adopted by ordinance on February 21, 2006 a tariff containing increased rates, tolls and charges for furnishing sewer service to approximately 722 customers in the Parsons area in the County of Tucker, West Virginia.

The proposed increased rates and charges will become effective on April 1, 2006 unless otherwise ordered by the Public Service Commission and will produce approximately $93,038.00 annually in additional revenue, an increase of 87%. The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential	$ 10.50	76 %
Commercial/Industrial	$ 29.83	150 %
Resale	$ 321.34	29 %

Resale customer(s) of the City of Parsons include Hamrick Public Service District, Hendricks, West Virginia.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such municipally operated public utility; or

(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at any of the following offices of the utility:

City of Parsons, Municipal Building, 341 Second Street, Parsons, West Virginia 26287.

A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

2-22, 3-1

Certificate of Publication

I, Chris Stadelman, publisher of The Parsons Advocate, a weekly newspaper published at Parsons, Tucker County, West Virginia, do herby certify that the annexed Public Notice of Change in Rates by Municipalities

in the case of _____

vs. _____

has been published for 2 consecutive weeks in said newspaper, beginning with the issue of Feb. 22

Given under my hand this 1 day of March 2006

[signature] Publisher

Publication fee $ 87.34 Total $152.85
2nd $65.51

STATE OF WEST VIRGINIA, COUNTY OF TUCKER, to-wit:

Chris Stadelman, publisher of The Parsons Advocate, being duly sworn, says that statements contained in the above certificate are true and correct, to the best of his knowledge and belief.

[signature] Afflant

Sworn to and subscribed before me, this the 1 day of March 2006

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
MARY MICHAEL DUMIRE

[signature] Notary Public

My commission expires Nov 30, 2014

Notice

City Of Parsons

Notice is hereby given that the City of Parsons, a municipal corporation, will hold a hearing before the final vote on a proposed ordinance, the principal object of which is the increase of sewer rates for customers of the sewer system operated by the City of Parsons. The title of such ordinance is "An Ordinance to Increase Sewer Rates". The final vote on adoption of said proposed ordinance shall be held in the Council Chambers of the City of Parsons, Municipal Building, 341 Second Street, Parsons, West Virginia on February 21, 2006, at seven o'clock (7:00) p.m. Interested parties may appear and be heard at such time with respect to the passage of the proposed ordinance. Copies of the proposed ordinance are available at the Business Office, Municipal Building, 341 Second Street, Parsons, West Virginia.

Authority
Charles W. Rosenau
Mayor
2-8, 2-15

Certificate of Publication

I, Chris Stadelman, publisher of The Parsons Advocate, a weekly newspaper published at Parsons, Tucker County, West Virginia, do herby certify that the annexed Notice

in the case of City of Parsons hearing on proposed ordinance

vs. _____

has been published for 2 consecutive weeks in said newspaper, beginning with the issue of 2/8

Given under my hand this 16 day of Feb 2006

Chris Stadelman Publisher

Publication fee $28.18 (Total $49.32)
2nd $21.14

STATE OF WEST VIRGINIA, COUNTY OF TUCKER, to-wit:

Chris Stadelman, publisher of The Parsons Advocate, being duly sworn, says that statements contained in the above certificate are true and correct, to the best of his knowledge and belief.

Chris Stadelman Affiant

Sworn to and subscribed before me, this the 16 day of Feb, 2006

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
REBECCA L. POLOMSKI
RT. 2 BOX 136 PARSONS, WV 26287
My Commission Expires August 20, 2013

Rebecca L. Polomski
Notary Public

My commission expires 8/20, 2013

Tariff Form No. 12
(Tariff Rule 44)

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

NOTICE is hereby given that the City of Parsons public utility, has adopted by ordinance on January 17, 2006 a tariff containing increased rates, tolls and charges for furnishing water service to approximately 844 customers in the Parsons area in the County of Tucker, West Virginia.

The proposed increased rates and charges will become effective on March 3, 2006 unless otherwise ordered by the Public Service Commission and will produce approximately $77,188.00 annually in additional revenue, an increase of 31%. The average monthly bill for the various classes of customers will be changed as follows:

	$ INCREASE	INCREASE (%)
Residential	7.23	31 %
Commercial/Industrial	16.02	32 %

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increased or decreased) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such municipally operated public utility; or

(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at any of the following offices of the utility:

City of Parsons, Municipal Building, 341 Second Street, Parsons, West Virginia 26287.

A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

1-18, 1-25.

Certificate of Publication

I, Chris Stadelman, publisher of The Parsons Advocate, a weekly newspaper published at Parsons, Tucker County, West Virginia, do herby certify that the annexed Publice Notice of Change in Rates by Municipalities

in the case of City of Parsons

vs. _____

has been published for 2 consecutive weeks in said newspaper, beginning with the issue of Jan 18

Given under my hand this Jan day of 27 2006

Chris Stadelman Publisher

Publication fee $ 94.99 (Total $166.23)
2nd $71.24

STATE OF WEST VIRGINIA, COUNTY OF TUCKER, to-wit:

Chris Stadelman, publisher of The Parsons Advocate, being duly sworn, says that statements contained in the above certificate are true and correct, to the best of his knowledge and belief.

Chris Stadelman Affiant

Sworn to and subscribed before me this the 25 day of Jan

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
MARY MICHAEL DUNCIL
RT. 2, BOX 73
MONTROSE, WV 26283
My Commission Expires November 30, 2014

Mary Michael Duncil
Notary Public

My commission expires Nov. 30 2014

CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION

The undersigned Recorder of the City of Parsons (the "City") hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said City:

*** *** ***

The Council of the City met in special session, pursuant to notice duly posted, on the 18th day of August, 2006, in Parsons, West Virginia, at the hour of 1:00 p.m.

PRESENT:

Clares W. Rosenau	-	Mayor
Lois J. Lambert	-	Recorder
Patrick Gray	-	Councilmember
John F. Goss	-	Councilmember
Cheryl A. Maxwell	-	Councilmember
Hoy Roy	-	Councilmember
Diana G. Hymes	-	Councilmember
Jane H. Barb	-	Councilmember

ABSENT: None.

Clares W. Rosenau, Mayor, presided, and Lois J. Lambert, acted as Recorder. 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 then 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 COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF PARSONS; RATIFYING AND APPROVING A 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, upon motion duly made by John Goss and seconded by Patrick Gray, it was unanimously ordered that the said Supplemental Resolution be adopted and be 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.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the City of Parsons and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 22nd day of August, 2006.

Lois J. Lambert
Recorder

08.03.06
689010.00003

State of West Virginia
County of Tucker
City of Parsons

I. Call to Order

Mayor Charles Rosenau called the regular-scheduled meeting of the Parsons City Council to order August 1, 2006 at 7:00 p.m. in the Tucker County Magistrate Court Room. At which time Mayor Rosenau read a letter of resignation from City Recorder James L. Judy. A motion made by Gray to accept Mr. Judy's resignation with regret, seconded by Goss, all were in favor with the exception of Maxwell who opposed the motion. Lambert was asked to act as recorder for this meeting in Mr. Judy's absence.

II. Call of Roll

Name	Position	Present/Absent
Charles W. Rosenau	Mayor	Present
James L. Judy	Recorder	Absent/tendered resignation
Johnnie F. Goss, Jr.	Council Member	Present
Patrick A. Gray	Council Member	Present
Diana G. Hymes	Council Member	Present
Lois J. Lambert	Council Member	Present
Cheryl A. Maxwell	Council Member	Present
Hoy R. Roy	Council Member	Present

Guests Present

Guests present were: Jason Myers, Chris Michael, John "Jack" McGuigan, William "Bill" Dodge, Samuel J. Loria, Tom Felton, Susan Plumley, Joan Lipscomb, Randall Nelson, Andy Nelson, Chris Stadelman (The Parsons Advocate), Tom Amon, Jane H. Barb, Marvin Canfield, Marvin "Bud" Parsons, Julienne Cooper (The Inter-Mountain)

III. Approval of Agenda

A motion by Goss to approve the agenda, as presented, seconded by Gray, all were in favor.

IV. Opening Prayer

Mayor Rosenau led with the opening prayer.

V. Pledge of Allegiance.

Andy Nelson led with the Pledge of Allegiance.

VI. Minutes to be Approved (Previous Meeting)

A motion made by Roy to approve the minutes of the regular-scheduled meeting on July 18, 2006, seconded by Maxwell, all were in favor.

VII. Guests Wishing to Address Council

Susan Plumley came before City Council to inform Council about the drainage problem on St. John's Street. The storm drains have collapsed and water is consistently flooding her property causing damage to her home. She presented pictures to council showing the problems she is experiencing. The mayor advised her that corrective measures were being planned.

Andy Nelson came before Council to request that City Council respond to the needs of the youth in the city by providing some new means of recreation.

Jack McGuigan requested to address Council later in the meeting.

Jane H. Barb and Marvin Canfield requested to make their addresses to Council later in the meeting, during discussion of the Harman Ad-hoc committee reports.

All were granted permission to do so.

VIII. Special Guests.

1. Parsons Municipal Building – James C. Michael *(Tucker County Commission)*

   James C. "Chris" Michael came before the City Council to present a proposal for the Tucker County Commisssion to purchase the Parsons City Municipal building for use as offices and a court room, with the stipulation that the city could have an extended lease for the city offices.. He asked for Council to review and consider the proposal and give an answer at the next meeting. Council agreed to take this matter under review.

2. Tractor Trailer Parking on Pennsylvania Avenue – Thomas D. Felton *(Tucker County Sheriff's Department)*

   Sheriff Thomas Felton came before City Council to ask for an ordinance to prevent Tractor Trailer parking on Rt. 219, Pennsylvania Avenue. He stated that it is a safety hazard that needs a remedy. A motion was made by Roy to

post a sign restricting Tractor Trailer parking on Pennsylvania Avenue – Rt. 219, seconded by Hymes. All were in favor

3. Proposed Five Rivers Public Library Building and Other Related Issues – Marvin G. Canfield *(Five Rivers Public Library)*

Mr. Canfield stated that he was not prepared to address Council at this time and asked to return at a later date with a more specific proposal.

IX. Payment of Bills – Review/Discussion/Motion

Roy Made a motion to approve the payment of the bills as presented, seconded by Gray, all were in favor.

Revised Financial Report for the Month ending May 31, 2006 was presented to Council containing a correction for $150.00 disbursement. Motion to approve the May 31, 2006 Financial Statement made by Gray, seconded by Goss, all were in favor.

X. Building Permits.

1. Mary E. Swartz *(101 Jameson Avenue, Parsons, WV)*

A motion to approve the the building permit for Mary E. Swartz pending Marshall Parsons' signature by Gray, seconded by Goss, all were in favor, with the exception of Roy, who opposed.

2. John C. & Ermalea Mauzy *(318 Main Street, Parsons, WV)*

A motion to approve the building permit for John C. & Ermalea Mauzy pending the elevation certificate by Gray, seconded by Goss, all were in favor.

3. Kent & Christina Daniels *(144 Poplar Street, Parsons, WV)*

A motion to approve the building permit for Kent & Christina Daniels made by Goss, seconded by Maxwell, all were in favor with the exception of Roy, who opposed.

XI. Lot Lease

1. Karen S. Ball *(Water Street, Parsons, WV)* – Previously Tabled by Council Motion to approve 1 year lease with no signs to be erected by Gray, seconded by Goss, all were in favor.

2. Harry D. Walton (*Walnut Street, Parsons, WV*)

Motion to approve the renewal of this lease by Roy, seconded by Gray, all were in favor.

XII. Unfinished Business

A. Sanitary Sewer System Improvements Project:

1. Project Update

The city is still waiting on outstanding Right of Way papers (*an additional 20 are needed to have the 80 percent required*) before any further action can be taken.

B. Replacement of Existing Water Storage Tank Project.

1. Project Update

2. Change Order No. 2 – Review/Discussion/Motion

An additional charge of $4,000.00 for a new total of $49,000.00. A motion to approve Change Order No. 2 by Gray, seconded by Roy, all were in favor.

C. Committee Appointments/Re-appointments – Charles Rosenau

Mayor added Lois Lambert to the Personnel Committee

Cemetery Committee: John Goss (Chairperson), Pete Roy, and Cheryl Maxwell.

Mayor Rosenau then stated that he would have to re-think some of the committee appointments due to Mr. Judy's resignation.

→ D. Public Hearing and third reading of the proposed Bond Ordinance providing for the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 (*A West Virginia Infrastructure Fund)* (the "Bonds") to: (i.) pay a portion of the costs of acauisition and construction of additions, improvements and betterments of the existing public waterworks facilities of the City (the "Project); and (ii.) pay certain costs of issuance of the Bonds – Review /Discussion/Motion

Council held the Public Hearing portion. Marvin Canfield questioned whether the bond was rated and the percentage rate on the bond. Because it is a public issue bond the rating is not a concern. The percentage rate is 0 percent. No further discussion or questions

Mayor Rosenau closed the Public Hearing Portion of this Proposal

Council then had the Third reading of the Proposed Bond Ordinance by Title. Motion to approve the Proposed Bond Ordinance by Title made by Gray, seconded by Hymes, all were in Favor

XIII. New Business

A. Payment of Invoices for the Replacement of Existing Water Storage Tank Project – Review/Discussion/Motion

Motion to approve payment of invoices made by Goss, seconded by Gray, all were in favor.

Motion made by Gray to authorize Lois J. Lambert to have signature rights on City of Parsons accounts as Acting – Recorder, seconded by Hymes, all were in favor with Lambert abstaining.

B. Letter of Request to Rescind Resignation from David A. Glover – Review/Discussion/Motion.

New letter presented stating by Mr. Glover that his resignation stands.

Motion to accept Mr. Glover's resignation made by Gray, seconded by Goss, all were in favor.

C. Appointment of Representative to the Local Emergency Planning Council (LEPC) – Discussion/Motion

Motion to appoint Patrick Gray as City of Parsons Representative to the LEPC by Lambert, seconded by Maxwell, all were in favor with Gray abstaining, Mr. Goss was absent from the room during this vote.

D. Meter Reading Attendant – Charles Rosenau

Mayor Rosenau requested that somebody be appointed to work 40 hours a month as a water meter reading attendant.

Motion to have City Administrator Jason Myers assign Shane Shaffer as a meter reader for 40 hours per month, if Mr. Shaffer declines to accept, Mr. Myers will post the position, made by Goss, seconded by Gray, all were in favor.

E. William M. Harman Memorial Fund.

1. Reallocation of Previously Committed Funds – Review/Discussion/Motion

   Benefits of the Citizens of Parsons

   Unspent funds:
   $3,152.92 1st Street Improvements
   9,148.45 Ford Truck
   1,419.87 Spring Fling
   2,828.66 Spring Clean Up

   16,549.66 Proposed Re-Allocation

   Motion to approve Re-Allocation towards paying off the Garbage Truck made by Goss, seconded by Hymes, all were in favor.

2. William M. Harman Memorial Fund Ad Hoc Committee – Contribution Application Funding Recommendations – Charles W. Rosenau (*Chairperson*) – Review/Discussion/Motion

   Letter from Robert Burns, Executive Director Tucker Community Endowment Foundation regarding questions arising about declaration of items to be expended under the benefit of the Citizens of Parsons section dated 8/01/2006

   At this time, Mr. John "Jack" McGuigan read a written statement to City Council to outline his views regarding the disbursement of Harman Memorial Fund monies.

   Ad Hoc Committee Funding Recommendations:

   $10,000.00 Cemetery Committee
   Motion to approve by Roy, seconded by Lambert, all were in favor

$9,700.00 Parsons Park Board, Inc.

Motion to approve by Goss, seconded by Maxwell, All were in favor with Roy abstaining due to membership on the Park Board.

$14,200.00 Five Rivers Public Library

Motion to approve by Goss, seconded by Gray, all were in favor.

$88,894.19 Benefit of the Citizens of Parsons

Motion to approve by Gray, seconded by Roy, all were in Favor.

Total Funding approved $122,794.19

F. Monthly Financial Report for Month Ending: June 30, 2006 Review/Discussion/Motion

Motion to approve the Monthly Financial Report for Month Ending June 30, 2006 by Gray, seconded by Maxwell, all were in favor.

XIV. Committee/Council Member Report(s)

Lambert asked the status of mowing of an alley off of Buchannon Street.

Roy asked about hot patch for patching pot holes in the city streets.

Roy said the replacement of the sewer line behind the Seventh Day Adventist Church is progressing well.

Mayor Rosenau wanted to commend the employees on the job they are doing Replacing the sewer lines behind the Seventh Day Adventist Church.

Gray reported that the Personnel Committee had interviewed candidates for the Chief- of –Police position. Gray also stated that he believed a special session Might need to be held for the hiring of this position.
Mayor asked for and Council agreed to hold a Special Session for the hiring of a Chief of Police and an office assistant on Tuesday, August 8, 2006.

Gray reported that the Railroad Depot was in need of financial assistance for Operational costs. Council agreed to look into ways to assist them.

Roy wanted to commend Council and Mr. Myers on the signs welcoming the Bluegrass fans that were placed at the 3 entrances into Parsons.

XV. Good and Welfare of City

Mayor Rosenau asked the street committee to take a look at the trees on City property with a view to which trees need trimming and getting cost estimates on having the trimming done, before they become a danger to homes.

Hymes reported that she is trying to come up with a way to clean up First Street. Hoping to improve the appearance of the city, especially to new-comers that may just be passing through.

City Administrator Jason Myers stated that he had been approached by the Parsons Volunteer Fire Department for help with the leveling and graveling the vacant lot next to existing fire hall. They are asking for the use of a grader and roller. Council members were all in favor of assisting the Parsons Volunteer Fire Department in any way they could..

XVI. Correspondence

1. Five River Camp Ground

Letter from John and Joyce Bowers requesting City Council permission to place 2 directional signs 18" x 36" back-to-back on the corner of Front and Walnut.

This matter turned over to the street committee for review.

XVII. Adjournment

A motion to adjourn by Goss, seconded by Gray, all were in favor.

Respectfully Submitted by:

Lois J. Lambert, Acting-Recorder

Charles W. Rosenau, Mayor

City of Parsons
Notice of Public Hearing on Ordinance

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the City of Parsons (the "City") to be held on Tuesday, August 1, 2006, at 7:00 p.m. in Council Chambers at the Parsons Municipal Building, 341 Second Street, Parsons, 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 take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF PARSONS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO 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 approved by the Council on July 18, 2006.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide permanent financing of the costs of acquisition and construction of betterments, additions and improvements to the waterworks portion of the public combined waterworks and sewerage system of the City and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the combined waterworks and sewerage system of the City. 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 Recorder for review by interested parties during regular office hours.

Following the public hearing, the Council intends to enact the Ordinance upon final reading.

Dated: July 19, 2006

James L. Judy
Recorder
7-19, 7-26

Certificate of Publication

I, Chris Stadelman, publisher of The Parsons Advocate, a weekly newspaper published at Parsons, Tucker County, West Virginia, do hereby certify that the annexed Notice of Public Hearing on Ordinance

in the case of City of Parsons

vs.

has been published for 2 consecutive weeks in said newspaper, beginning with the issue of July 19

Given under my hand this 26 day of July 2006

Chris Stadelman Publisher

Publication fee $ 64.24 Total $112.42
2nd $48.18

STATE OF WEST VIRGINIA, COUNTY OF TUCKER, to-wit:

Chris Stadelman, publisher of The Parsons Advocate, being duly sworn, says that statements contained in the above certificate are true and correct, to the best of his knowledge and belief.

Chris Stadelman Affiant

Sworn to and subscribed before me, this the 12 day of July, 2006

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
MARY MICHAEL DUMIRE
RT. 2 BOX 75
ROSE, WV 26283
My commission expires November 30, 2014

Mary Michael Dumire Notary Public

My commission expires Nov 30, 2014

City of Parsons
Notice of Public Hearing on Ordinance

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Dated: July 19, 2006

James L. Judy
Recorder

7-19, 7-26

WV MUNICIPAL BOND COMMISSION
#8 Capitol Street
Terminal Building, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 22, 2006

(See Reverse for Instructions)

ISSUE: City of Parsons Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund)

ADDRESS: 341 Second Street, Parsons, West Virginia 26287 COUNTY: Tucker

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: August 22, 2006

CLOSING DATE: August 22, 2006

ISSUE AMOUNT: $454,300

RATE: 0%

1ST DEBT SERVICE DUE: December 1, 2007

1ST PRINCIPAL DUE: December 1, 2007

1ST DEBT SERVICE AMOUNT: $2,931.00

PAYING AGENT: Municipal Bond Commission

BOND
COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esquire
Phone: 304.353.8196

UNDERWRITERS
COUNSEL: Jackson Kelly, PLLC
Contact Person: Samme Gee
Phone: 304.340.1318

CLOSING BANK: Mountain Valley Bank, N.A.
Contact Person: Eric Mullenax
Phone: 304.478.2461

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Jason Myers
Position: Clerk
Phone: 304.478.2311

OTHER:
Infrastructure & Jobs Development Council
Contact Person: Jefferson Brady, P.E.
Function: Executive Director
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

____ 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: The Series 2006 A Bonds Reserve Account will be funded over 10 years.

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

CH824645.1

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.

08.03.06
689010.00003

CITY OF PARSONS

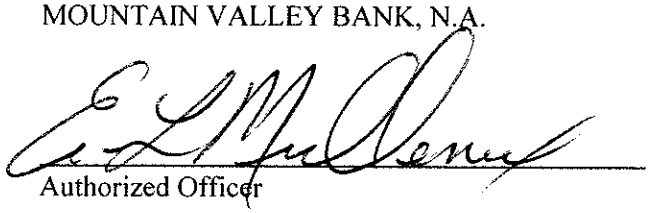
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Mountain Valley Bank, N.A., Parsons, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of Parsons (the "Issuer") enacted by the Council of the Issuer on August 1, 2006, and a Supplemental Resolution of the Issuer adopted by the Council of the Issuer on August 18, 2006 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated August 22, 2006, in the principal amount of $454,300 (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 22nd day of August, 2006.

MOUNTAIN VALLEY BANK, N.A.



Authorized Officer

08.11.06
689010.00003

CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Parsons Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated August 22, 2006, in the principal amount of $454,300 (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 22nd day of August, 2006.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

08.03.06
689010.00003

CH824649.1

CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the City of Parsons (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered City of Parsons Combined Waterworks and Sewerage System Revenue Bond, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2006, in the principal amount of $454,300, numbered AR-1, was 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 The Huntington National Bank, as Registrar.

WITNESS my signature on this 22nd day of August, 2006.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

08.03.06
689010.00003

CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22nd day of August, 2006, by and between the CITY OF PARSONS, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $454,300 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated the date hereof, in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted August 1, 2006, and a Supplemental Resolution of the Issuer duly adopted August 18, 2006 (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: City of Parsons
341 Second Street
Parsons, West Virginia 26287
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

9. 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.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

CITY OF PARSONS

By: Charley W. Norman
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By:
Its: Authorized Officer

08.03.06
689010.00003

EXHIBIT A

Included in transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

WEST VIRGINIA
Water Development Authority

Celebrating 32 Years of Service 1974 - 2006

August 22, 2006

City of Parsons
Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon a certificate of Rodeheaver & Associates, an independent certified public accountant and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity requirements have been met (copies attached), the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1989 A Bonds, the Series 1989 B Bonds and the Series 1996 A Bonds, hereinafter defined and described, hereby consents to (i) the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) (the 'Bonds"), in the original aggregate principal amount of $454,300 by the City of Parsons (the "Issuer"), under the terms of the bond ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $269,103 (the "Series 1989 A Bonds"); and Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority), dated May 8, 1996, issued in the original aggregate principal amount of $457,500 (the "Series 1996 Bonds"); and (ii) the issuance of the Bonds senior and prior to the Issuer's outstanding Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B (West Virginia Water development Authority), dated November 22, 1989, issued in the original aggregate principal amount of $39,891 (the "Series 1989 B Bonds").

Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

IC-2
(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the CITY OF PARSONS (the "Governmental Agency").

R E C I T A L S

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $454,300 (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:

T E R M S

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 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.

CITY OF PARSONS

By: Charles W. Parsons
Its: Mayor
Date: August 22, 2006

(SEAL)

Attest:
Lois J. Lambert
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: Daniel B. Yoakum
Its: Director
Date: August 22, 2006

(SEAL)

Attest:
Barbara B Meadows
Its: Secretary-Treasurer

Exhibit A

Project Description

The Project consists of the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Governmental Agency, consisting of the replacement of the existing 600,000 gallon clearwell water storage tank, the removal of and legal disposing of all the asbestos cement roof panels; the removal of and legal disposal of all asbestos contaminated soil around the perimeter of the clearwell tank; the demolition of the existing water storage tank's roof structure and fill the existing tank with approximately 3,800 cubic yards of fill; and the construction of a new 576,000 gallon water storage reservoir complete with a new valve vault and all necessary tie-ins to the existing water system, the addition of filter to waste piping and a new backwash pump station, together with all appurtenant facilities..

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID AH PARSO-1 | DATE (MM/DD/YYYY) 08/17/06

PRODUCER

Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314
Phone: 304-345-8000 Fax: 304-345-8014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

City Of Parsons
341 Second Street
Parsons WV 26287

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Clarendon Insurance Group	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [ ] LOC	APR 12-00146-05	10/01/05	10/01/06	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Emp Ben.	$1,000,000 $500,000 $5,000 $1,000,000 $2,000,000 $2,000,000 1,000,000
A		AUTOMOBILE LIABILITY [X] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [X] HIRED AUTOS [X] NON-OWNED AUTOS	APR 11-00146-05	10/01/05	10/01/06	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$1,000,000 $ $ $
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A		EXCESS/UMBRELLA LIABILITY [X] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [X] RETENTION $10,000	APR 16-00146-05	10/01/05	10/01/06	EACH OCCURRENCE AGGREGATE	$1,000,000 $1,000,000
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	APR 12-00146-05	10/01/05	10/01/06	[X] WC STATUTORY LIMITS [ ] OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $1,000,000 $1,000,000 $1,000,000
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder is named as additional insured as respects water project.

CERTIFICATE HOLDER

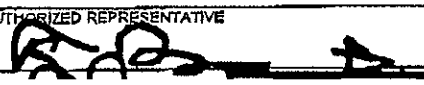
WVWDCHA

WV Water Development Authority
180 Association Drive
Charleston WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



THE CITY OF PARSONS

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND ORDINANCE

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THE CITY OF PARSONS

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF PARSONS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO 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 CITY OF PARSONS:

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 8, Article 20 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 City of Parsons (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Tucker County of said State.

B. The Issuer presently owns and operates a public combined waterworks and 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 extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a new raw water intake, a new storage tank and new waterlines, together with all appurtenant facilities, (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System") at an estimated cost of not more than $1,250,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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 costs of operation and maintenance of the System and the principal of and interest on the Bonds (as hereinafter defined) and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority), in the total aggregate principal amount of not more than $500,000 (the "Series 1996 Bonds"), initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. 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 1996 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 1996 Bonds Reserve Account (as hereinafter defined); 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 West Virginia Water Development Authority (the "Authority"), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1996 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, 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 1996 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 its Series 1996 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into by and between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank senior and prior to, on a parity with, or junior and subordinate to the Series 1996 Bonds as to liens, pledge and source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 1996 Bonds, which have a second lien, as follows:

Designation	Lien Position
Combined Waterworks and Sewerage System Revenue Bonds, Series 1984, dated September 20, 1984, issued in the original aggregate principal amount of $68,000 and held by GE Capital Corporation (the "Series 1984 Bonds");	First Lien
Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A, dated November 22, 1989, issued in the original aggregate principal amount of $269,103 and held by the Authority (the "Series 1989 A Bonds"); and	Second Lien
Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated November 22, 1989, issued in the original aggregate principal amount of $39,891 and held by the Authority (the "Series 1989 B Bonds").	Third Lien

The Series 1984 Bonds, the Series 1989 A Bonds and the Series 1989 B Bonds are hereinafter collectively called the "Prior Bonds." The Series 1996 Bonds shall be issued junior and subordinate to the Series 1984 Bonds, on a parity with the Series 1989 A Bonds and senior and prior to the Series 1989 B Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer shall obtain consent from the holder of the Series 1989 A Bonds to the issuance of the Series 1996 Bonds on a parity therewith and from the holder of the Series 1989 B Bonds to the issuance of the Series 1996 Bonds on a senior and superior basis. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. 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 and issuance of the Series 1996 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval (or "grandfathering") of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council, and the obtaining of a certificate of 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 date of issuance of the Series 1996 Bonds or such final order will not be subject to appeal or rehearing.

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 the System; 95% or more of the Net Proceeds of the Series 1996 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); 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)(D) 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 (other than private activity bonds) during the calendar year in which the Series 1996 Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 1996 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 Bonds, all 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 Chapter 8, Article 20 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 1996 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"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 1996 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 1996 Bonds for the proceeds representing the purchase price of the Series 1996 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.

"Consulting Engineers" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; 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 acquisition and construction of the Project.

"Council" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"Depreciation Account" means the Depreciation Account established by the Prior Ordinances and continued hereby.

"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.

"Grant" means all moneys received by the Issuer on account of any Grant.

"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 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" 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 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 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.

"Issuer" means The City of Parsons, a municipal corporation and political subdivision of the State of West Virginia, in Tucker County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 1996 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1996 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1996 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1996 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 1996 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1996 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, 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, the Registrar and the 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.

"1984 Ordinance" means the ordinance of the Issuer enacted on September 19, 1984, authorizing the Series 1984 Bonds.

"1989 Ordinance" means the ordinance of the Issuer enacted on May 16, 1989, authorizing the Series 1989 A Bonds and the Series 1989 B Bonds.

"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 cancelled 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 X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any 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 such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the 1984 Series Bonds, Series 1989 A Bonds and Series 1989 B Bonds.

"Prior Ordinances" means the 1984 Ordinance and the 1989 Ordinance.

"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.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of the water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a new raw water intake, a new storage tank and new waterlines, together with all appurtenant facilities.

"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 State Board of Investments pursuant to Chapter 12, 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.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve account established for the Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any reserve account for the Bonds.

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

"Series 1996 Bonds" means the not more than $500,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

"Series 1996 Bonds Construction Trust Fund" means the Series 1996 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1996 Bonds Reserve Account" means the Series 1996 Bonds Reserve Account established in the Series 1996 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1996 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1996 Bonds in the then current or any succeeding year.

"Series 1996 Bonds Sinking Fund" means the Series 1996 Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1984 Bonds" means the $68,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1984, of the Issuer.

"Series 1984 Bonds Reserve Fund" means the 1984 Reserve Fund established for the Series 1984 Bonds by the 1984 Ordinance.

"Series 1989 A Bonds" means the $269,103 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A, of the Issuer.

"Series 1989 A Bonds Reserve Account" means the Series 1989 A Bonds Reserve Account established in the Series 1989 A Bonds Sinking Fund pursuant to Section 5.02 of the 1989 Ordinance.

"Series 1989 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 1989 A Bonds in the then current or any succeeding year.

"Series 1989 A Bonds Sinking Fund" means the Series 1989 A Bonds Sinking Fund established by Section 5.02 of the 1989 Ordinance.

"Series 1989 B Bonds" means the $39,891 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, of the Issuer.

"Series 1989 B Bonds Reserve Account" means the Series 1989 B Bonds Reserve Account established in the Series 1989 B Bonds Sinking Fund pursuant to Section 5.02 of the 1989 Ordinance.

"Series 1989 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1989 B Bonds in the then current or any succeeding year.

"Series 1989 B Bonds Sinking Fund" means the Series 1989 B Bonds Sinking Fund established by Section 5.02 of the 1989 Ordinance.

"Sinking Funds" means, collectively, the respective sinking fund established for the Bonds.

"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 1996 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1996 Bonds and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including the Reserve Accounts, the Depreciation Account and the Renewal and Replacement Fund.

"System" means the existing public combined waterworks and sewerage system of the Issuer, including the Project and all waterworks and sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the combined system, and any further extensions, additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

"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. 28

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $1,250,000, 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 1996 Bonds hereby authorized shall be applied as provided in 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 Authority.

The cost of the Project is estimated not to exceed $1,250,000, of which approximately $500,000 will be obtained from proceeds of the Series 1996 Bonds and approximately $750,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

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 1996 Bonds, funding a reserve account for the Series 1996 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1996 Bonds of the Issuer. The Series 1996 Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1996 (West Virginia Water Development Authority)," in the principal amount of not more than $500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1996 Bonds remaining after funding of the Series 1996 Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1996 Bonds, if any, shall be deposited in or credited to the Series 1996 Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1996 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually 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 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 1996 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 1996 Bonds, 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 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. The Series 1996 Bonds shall

be dated as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

Section 3.03. Execution of Bonds. The Series 1996 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 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 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 1996 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 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 1996 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 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 any of the Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, 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 cancelled 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 next 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 Series 1996 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 cancelled 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 1996 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account. No holder or holders of any of the Series 1996 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1996 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Subordinate Pledge of Gross Revenues, Lien Position with Respect to Prior Bonds. The payment of the debt service of all Series 1996 Bonds shall be secured forthwith equally and ratably with each other by a second lien on the Gross Revenues derived from the System, junior and subordinate to the first lien on the Gross Revenues in favor of the Holders of the Series 1984 Bonds, on a parity with the second lien on the Gross Revenues in favor of the Holders of the Series 1989 A Bonds and senior and prior to the third lien on the Gross Revenues in favor of the Holders of the

Series 1989 B Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the 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 1996 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1996 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 1996 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 1996 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 1996 Bonds.

Section 3.10. Form of Series 1996 Bonds. The text of the Series 1996 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 1996 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF PARSONS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1996
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF PARSONS, a municipal corporation and political subdivision of the State of West Virginia in Tucker 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 ($_____), in installments on October 1 of each year, beginning October 1, 199___, 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 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 April 1 and October 1 of each year, beginning _____ 1, 199____. 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 by and between the Issuer and the Authority, dated _____, 199____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (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 JUNIOR AND SUBORDINATE, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1984, DATED SEPTEMBER 20, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $68,000 (THE "SERIES 1984 BONDS").

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 COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A, DATED NOVEMBER 22, 1989, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $269,103 (THE "SERIES 1989 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 COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED NOVEMBER 22, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $39,891 (THE "SERIES 1989 B BONDS").

THE SERIES 1984 BONDS, THE SERIES 1989 A BONDS AND THE SERIES 1989 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, junior and subordinate to the pledge of Gross Revenues in favor of the Holders of the Series 1984 Bonds and on parity with the pledge of Gross Revenues in favor of the Holders of the Series 1989 A Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1996 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 Gross Revenues, the moneys in the Series 1996 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 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 and subordinate to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1996 Bonds Reserve Account an amount equal to the maximum amount of principal and interest 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 and subordinate to the Bonds, including 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 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 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 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 Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, THE CITY OF PARSONS 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 _____, 199____.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1996 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: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

_____
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 in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1996 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.

Section 3.12. "Amended Schedule A" Filing. Upon completion of acquisition and construction of the Project, the Issuer 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.

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 (or continued if previously established by the Prior Ordinances) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Ordinances);

(2) Series 1984 Bonds Reserve Fund (established by the Prior Ordinances);

(3) Depreciation Account (established by the Prior Ordinances);

(4) Renewal and Replacement Fund (established by the Prior Ordinances); and

(5) Series 1996 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by the Prior Ordinances) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 1996 Bonds Sinking Fund; and

(a) Within the Series 1996 Bonds Sinking Fund, the Series 1996 Bonds Reserve Account.

(2) Series 1989 A Bonds Sinking Fund (established by the Prior Ordinances);

(a) Within the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 1989 B Bonds Sinking Fund (established by the Prior Ordinances);

(a) Within the Series 1989 B Bonds Sinking Fund, the Series 1989 B Bonds Reserve Account (established by the Prior Ordinances).

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Series 1984 Bonds the amount required to pay the interest on the Series 1984 Bonds and to amortize the principal of the Series 1984 Bonds over the life of such Bond issue and, thereafter, the Issuer shall, by the 15th day of each month, transfer from the Revenue Fund and deposit with the Depository Bank in the Series 1984 Bonds Reserve Fund established with respect to the Series 1984 Bonds under the 1984 Ordinance, 1/12 of 1/10 of the amount of principal and interest becoming due on the Series 1984 Bonds in any year until the amount in the Series 1984 Bonds Reserve Fund equals the sum of $4,010 (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Series 1984 Bonds Reserve Fund, the Issuer shall monthly deposit into the Series 1984 Bonds Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for the payments hereinabove provided, as shall be required to maintain the Minimum Reserve in the Series 1984 Bonds Reserve Fund. Moneys in the Series 1984 Bonds Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 1984 Bonds to said National Finance Office as the same shall become due or for prepayment of installments on the Series 1984 Bonds, or for mandatory prepayment of the Series 1984 Bonds as hereinafter provided, and for no other purpose.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amount required by the 1989 Ordinance to be deposited in the Series 1989 A Bonds Sinking Fund for payment of interest on the Series 1989 A Bonds and (ii) commencing 7 months prior to the first date of payment of interest on the Series 1996 Bonds for which interest has not been capitalized, remit to the Commission for deposit in the Series 1996 Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 1996 Bonds 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 1996 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.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amount required by the 1989 Ordinance to be deposited in the Series 1989 A Bonds Sinking Fund for payment of principal on the Series 1989 A Bonds and (ii) commencing 13 months prior to the first date of payment of principal of the Series 1996 Bonds, remit to the Commission for deposit in the Series 1996 Bonds Sinking Fund, an amount equal to 1/12 of the amount of principal which will mature and become due on the Series 1996 Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1996 Bonds Sinking Fund and the next 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.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amount required by the 1989 Ordinance to be deposited in the Series 1989 A Bonds Reserve Account and (ii) commencing 13 months prior to the first date of payment of principal of the Series 1996 Bonds, if not fully funded upon issuance of the Series 1996 Bonds, remit to the Commission for deposit in the Series 1996 Bonds Reserve Account, an amount equal to 1/120 of the Series 1996 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1996 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 1996 Bonds Reserve Requirement. Moneys in the Series 1989 A Bonds Reserve Account and the Series 1996 Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 1989 A Bonds and the Series 1996 Bonds, respectively, and for no other purpose.

(5) The Issuer shall next, each month, transfer from the Revenue Fund to the Depreciation Account a sum equal to not less than 6% of the Gross Revenues of the System in the preceding month in accordance with the terms set forth in the 1984 Ordinance, until the Series 1984 Bonds have been paid or otherwise defeased in accordance with the 1984 Ordinance.

(6) The Issuer shall next, from the moneys remaining in the Revenue Fund (as previously set forth in the Prior Ordinances and not in addition

thereto), 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 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, emergency 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 accounts 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.

(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 1989 Ordinance to be deposited in the Series 1989 B Bonds Sinking Fund for payment of principal of the Series 1989 B Bonds.

(8) 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 1989 Ordinance to be deposited in the Series 1989 B Bonds Reserve Account.

(9) The Issuer shall next, each month, pay from the Revenue Fund, all current Operating Expenses of the System.

Moneys in the Series 1996 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1996 Bonds as the same shall become due. Moneys in the Series 1996 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1996 Bonds as the same shall come due, when other moneys in the Series 1996 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account (if equal to at least the Series 1996 Bonds Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 1996 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1996 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1996 Bonds Reserve Account which result in a reduction in the balance of the Series 1996 Bonds Reserve Account to below the Series 1996 Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth in Section 5.03 hereof.

As and when additional Bonds ranking on a parity with the Series 1996 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 amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1996 Bonds Sinking Fund or the Series 1996 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1996 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding any Reserve Account, whether for a deficiency or otherwise, shall be made first with respect to the Series 1984 Bonds, then on a parity and pro rata, with respect to the Series 1989 A Bonds and the Series 1996 Bonds in accordance with the respective principal amounts then Outstanding, and thereafter, the Series 1989 B Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1996 Bonds Sinking Fund and the Series 1996 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.

Moneys in the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1996 Bonds Sinking Fund, including the Series 1996 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1996 Bonds under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1996 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.

C. 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 such funds 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.

D. 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, fees and expenses then due.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund, the Depreciation Account 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.

F. 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 Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

G. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

I. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust 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 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 any or all of the Series 1996 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1996 Bonds or from other funds available to the Issuer, there shall first be deposited with the Commission in the Series 1996 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1996 Bonds for the period commencing on the date of issuance of the Series 1996 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1996 Bonds or from other funds available to the Issuer, there shall be deposited with the Commission in the Series 1996 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1996 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1996 Bonds, there shall first be credited to the Series 1996 Bonds Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining moneys derived from the sale of the Series 1996 Bonds shall be deposited with the Depository Bank in the Series 1996 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 1996 Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 1996 Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 1996 Bonds Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1996 Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Series 1996 Bonds Construction Trust Fund

(except for the costs of issuance of the Series 1996 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 for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 1996 Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 1996 Bonds Construction Trust 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 Series 1996 Bonds Construction Trust 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 Series 1996 Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Series 1996 Bonds Construction Trust Fund to the Series 1996 Bonds Reserve Account, and when fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund; provided that, in no event shall more than 10% of the proceeds of the Series 1996 Bonds be deposited in the Series 1996 Bonds Reserve Account and any balance in excess of said amounts shall be returned 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 due on the Series 1996 Bonds and thereafter to the next ensuing principal payments due thereon.

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 1996 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 1996 Bonds as hereinafter provided in this VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1996 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1996 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 1996 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1996 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Subordinate Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 1996 Bonds issued hereunder shall be secured forthwith equally and ratably by a second lien on the Gross Revenues derived from the operation of the System, subordinate and junior to the first lien on the Gross Revenues of the System in favor of the Holders of the Series 1984 Bonds, on a parity with the second lien on said Gross Revenues in favor of the Holders of the Series 1989 A Bonds and senior and prior to the third lien on the Gross Revenues of the System in favor of the Holders of the Series 1989 B Bonds. The Gross 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 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 initial schedule of water rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted November 28, 1995, which rates are incorporated herein by reference as a part hereof.

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 and with the

written consent of the Authority. Additionally, so long as the Series 1996 Bonds are outstanding and except as otherwise required by 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 fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1996 Bonds, immediately be remitted to the Commission for deposit in the Series 1996 Bonds Sinking Fund, 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 Series 1996 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 Series 1996 Bonds Sinking Fund 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 Series 1996 Bonds Sinking Fund 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 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 1996 Bonds. All obligations issued by the Issuer after the issuance of the Series 1996 Bonds and payable from the revenues of the System, except additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1996 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or 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.

The Issuer shall give the Authority 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, 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 1996 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority 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 1996 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the Series 1996 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 Series 1984 Bonds then Outstanding;

(2) The Series 1996 Bonds, the Series 1989 A Bonds and the Series 1989 B Bonds then Outstanding;

(3) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(4) 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 enacted 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.

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.

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 liens of the Series 1996 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1996 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.

Notwithstanding the foregoing, or any provision of Section 7.06 hereof to the contrary, additional Parity 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 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of the Parity Bonds.

Section 7.08. Books; Records and Facilities. 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, or its agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation 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 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 Series 1996 Bonds and shall mail in each year to any Holder or Holders of the Series 1996 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 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 the Series 1996 Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 1996 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, this Bond Legislation and the Act and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

The Issuer shall permit the Authority, or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority, or its agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

Section 7.09. 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 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 on the Series 1996 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior and subordinate to the Series 1996 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 1996 Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with or junior and subordinate to the Series 1996 Bonds, including the Prior 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 Series 1996 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior and subordinate to the Series 1996 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; Audit 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 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 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 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.

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, the Loan Agreement and the Act and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two 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 as Exhibit C, and forward a copy of such report to the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will 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 Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority 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 resident engineering services satisfactory to 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 resident engineer shall certify to the Authority 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 agrees that qualified operating personnel properly certified by the State will be employed to operate the System so long as any of the Series 1996 Bonds are Outstanding.

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, 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 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 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 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 7.15. 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 the 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 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 and the Authority 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, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided for every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain 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 necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and all applicable laws, rules and regulations issued by the Authority, 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 1996 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 1996 Bonds during the term thereof is, under the terms of the Series 1996 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 1996 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 1996 Bonds during the term thereof is, under the terms of the Series 1996 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 1996 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 1996 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 1996 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 1996 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1996 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, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1996 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, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1996 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1996 Bonds and shall be junior and subordinate to the statutory mortgage lien in favor of the Holders of the Series 1984 Bonds, on a parity with the statutory mortgage lien in favor of the Holders of the Series 1989 A Bonds, senior and prior to the statutory mortgage lien in favor of the Holders of the Series 1989 B Bonds.

Section 7.21. Securities Laws Compliance. The Issuer will 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 (17CFR Part 240).

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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, 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 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, 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 1996 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 1996 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1996 Bonds which would cause the Series 1996 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1996 Bonds) so that the interest on the Series 1996 Bonds will be and remain excludable from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1996 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1996 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1996 Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Series 1996 Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1996 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1996 Bonds. In the event of a failure to pay the correct rebate amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States such amount or amounts, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required 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.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1996 Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

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 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, 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, 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 that, all rights and remedies of the Holders of the Series 1996 Bonds shall be junior and subordinate to the Holders of the Series 1984 Bonds, on a parity with the Holders of the Series 1989 A Bonds and senior and prior to the Holders of the Series 1989 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

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all of the Series 1996 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 the pledge of Gross 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 1996 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 on the Series 1996 Bonds from gross income for federal income tax purposes.

Series 1996 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 Agent 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 1996 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1996 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 1996 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 1996 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 Bonds 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 XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1996 Bonds, this Ordinance may be amended or supplemented in any way by Supplemental Resolution. Following issuance of the Series 1996 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 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 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the 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 exclusion of interest on the Series 1996 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 thereto, or the Series 1996 Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. All ordinances, 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 more restrictive provision shall control so long as any of 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 hereon.

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 Parsons Advocate, a newspaper published and of general circulation in The City of Parsons, 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 Council 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 16, 1996
Passed on Second Reading:	-	April 23, 1996
Passed on Final Reading Following Public Hearing:	-	May 7, 1996

Mary L. Moore
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF PARSONS on the 7th day of May, 1996.

Dated: May 8, 1996

[SEAL]

Recorder

04/30/96
PARSWJM.A5
689010/95001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 3.]

THE CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

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 COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE CITY OF PARSONS; AUTHORIZING AND APPROVING A 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 council (the "Governing Body") of The City of Parsons (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective May 7, 1996 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF PARSONS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN

AGREEMENT RELATING TO 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 meanings set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority), of the Issuer (the "Bonds" or the "Series 1996 Bonds"), in the aggregate principal amount not to exceed $500,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds to be dated the date of delivery of the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (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 and that the Loan Agreement be approved and entered into 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 CITY OF PARSONS:

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 Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $457,500. The Series 1996 Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2035, shall bear interest at the rate of 6.25% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 1996. The Series 1996 Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 1997, and ending October 1, 2035, all as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Series 1996 Bonds. The Series 1996 Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1996 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 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 and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

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 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 direct 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 direct Mountain Valley Bank, National Association, Parsons, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 1996 Bonds proceeds in the amount of $ -0- shall be deposited in the Series 1996 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1996 Bonds proceeds in the amount of $31,561 shall be deposited in the Series 1996 Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 1996 Bonds shall be deposited in or credited to the Series 1996 Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including costs of issuance of the Series 1996 Bonds.

Section 10. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, if any, including, but not limited to, all borrowings from the Issuer's general fund or from the Authority.

Section 11. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the issuance of the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about May 8, 1996, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer 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 Series 1996 Bonds Sinking Fund, including the Series 1996 Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer 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 or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1996, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 7th day of May, 1996.

THE CITY OF PARSONS

Mary G. Moore

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF PARSONS on the 7th day of May, 1996.

Dated: May 8, 1996

[SEAL]

Constance K Simmons
Recorder

04/18/96
PARSWJM.B2
689010/95001

CITY OF PARSONS

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A AND SERIES 1989 B
and
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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CITY OF PARSONS

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE SEWERAGE PORTION OF THE EXISTING COMBINED PUBLIC WATERWORKS AND SEWERAGE FACILITIES OF THE CITY OF PARSONS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A, NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, AND NOT MORE THAN $1,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; 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 NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF PARSONS:

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 adopted pursuant to the provisions of Chapter 8, Article 20 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 City of Parsons (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Tucker County of said State.

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements for the existing sewerage facilities portion of such system consisting of a new wastemaker treatment plant and collector lines, together with all appurtenant facilities (the "Project") which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the existing combined waterworks and sewerage facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $1,569,568, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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 Prior Bonds and the Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Ordinances, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in the total aggregate principal amount of not more than $400,000 in two series, being the Series 1989 A Bonds in the aggregate principal amount of not more than $300,000, and the Series 1989 B Bonds in the aggregate principal amount of not more than $100,000 (collectively, the "Original Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Original Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes, and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes") in the aggregate principal amount of not more than $1,000,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the 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

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 Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the 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, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes 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 its Original Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution.

G. There are outstanding obligations of the Issuer which will rank senior and prior to the Bonds as to lien and source of and security for payment as follows:

(i) Combined Waterworks and Sewerage Revenue Bonds, dated May 1, 1963, issued in the original aggregate principal amount of $290,000, of which $65,000 remains outstanding as of the date of enactment of this Ordinance (the "1963 Bonds") and

(ii) Combined Waterworks and Sewerage System Revenue Bond, Series 1984, dated September 20, 1984, issued in the original aggregate principal amount of $68,000, of which approximately $64,000 remains outstanding as of the date of enactment of this Ordinance (the "1984 Bond").

The 1963 Bonds and the 1984 Bond are herein collectively called the "Prior Bonds." The Bonds shall be junior and subordinate

to the Prior Bonds. The Series 1989 B Bonds shall be junior and subordinate to the Series 1989 A Bonds as set forth herein. The Grant Anticipation Notes, if issued, will not be payable from the Gross Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes. The Bond Anticipation Notes, if issued, will be payable from the proceeds of the Bonds and Gross Revenues, if necessary, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of 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 Bonds or any of the Notes or such final order will not be subject to appeal.

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 Notes or the Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes 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 such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds and Notes, respectively, 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 and between any one Note of a series and any other Note of the same series, 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 Chapter 8, Article 20 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 duly appointed by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"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 and Notes Ordinance" or "Local Act" means this Bond and Notes 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" means the Original Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"1963 Bonds" means the Combined Waterworks and Sewerage Revenue Bonds of the Issuer, dated May 1, 1963, issued in the original principal amount of $290,000.

"1984 Bond" means the Combined Waterworks and Sewerage System Revenue Bond of the Issuer, dated September 20, 1984, issued in the original principal amount of $68,000.

"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.

"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 the Supplemental Resolution, and its successors and assigns.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Series 1989 A Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition

of Excess Investment Earnings] had been equal to the Yield on the Series 1989 A Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

"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 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.

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of any grant anticipation notes; provided that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

"Gross Proceeds," except as otherwise provided in the Regulations, means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1989 A Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to

refund in whole or in part the Series 1989 A Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1989 A Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior bonds and which are deemed to become proceeds of the Series 1989 A Bonds ratably as original proceeds of the Series 1989 A Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds of the Series 1989 A Bonds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Series 1989 A Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such fund to pay Debt Service on the Series 1989 A Bonds;

(v) Amounts in the Reserve Accounts and in any other fund established as a reasonably required reserve or replacement fund with respect to the Series 1989 A Bonds;

(vi) Investment Property pledged as security for payment of Debt Service on the Series 1989 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1989 A Bonds;

(viii) Amounts received as a result of investing amounts described in this definition; and

(ix) Such other amounts designated as Gross Proceeds under the Code and/or Regulations and not set forth hereinbefore in this definition of Gross Proceeds.

"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.

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

"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.

"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 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.

"Issuer" means the City of Parsons, in Tucker County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"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 Original 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 1989 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1989 A 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 of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" means collectively, the not more than $1,000,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes or notes evidencing a line of credit originally authorized hereby which may be issued by the Issuer, the terms of which shall be set forth in a Supplemental Resolution, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and assigns.

"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, Paying Agent and the Trustee (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 or Notes, 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.

"1963 Ordinance" means the ordinance of the Issuer enacted May 3, 1963, authorizing the 1963 Bonds.

"1984 Ordinance" means the ordinance of the Issuer enacted September 19, 1984, authorizing the 1984 Bond.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $300,000 in aggregate principal amount of Series 1989 A Bonds and the not more than $100,000 in aggregate principal amount of Series 1989 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in the Supplemental Resolution, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means the grant from the Federal Emergency Management Agency (the "FEMA Grant") and any other grant other than the EPA Grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered or all Notes theretofore and thereupon being authenticated and delivered except (i) any Bond or Note cancelled by the Bond Registrar or Registrar for Prior Bonds, or Notes Registrar, at or prior to said date; (ii) any Bond or Note 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 or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or as provided in the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, or holders of Prior Bonds or any Bonds or Notes 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 bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means collectively, the 1963 Bonds and the 1984 Bond of the Issuer, both hereinbefore defined.

"Prior Ordinances" means collectively, the 1963 Ordinance and the 1984 Ordinance, both hereinbefore defined.

"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.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities portion of the combined waterworks and sewerage system of the Issuer, consisting of a new wastewater treatment plant and collector lines, together with all appurtenant facilities.

"Purchase Price," for the purpose of computation of the Yield of the Series 1989 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 1989 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 1989 A Bonds of each maturity is sold or, if the Series 1989 A Bonds are privately placed, the price paid by the first buyer of the Series 1989 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1989 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1989 A Bonds.

"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; 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" or "City Clerk" means the Recorder of the Issuer.

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

"Registrar" means as appropriate, either the Bond Registrar or the Notes Registrar or both.

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

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Series 1989 A Bonds" or "Series A Bonds" means the not more than $300,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A, of the Issuer.

"Series 1989 A Bonds Reserve Account" means the Series 1989 A Bonds Reserve Account established in the Series 1989 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1989 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 1989 A Bonds in the then current or any succeeding year.

"Series 1989 A Bonds Sinking Fund" means the Series 1989 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1989 B Bonds" or "Series B Bonds" means the not more than $100,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, of the Issuer.

"Series 1989 B Bonds Reserve Account" means the Series 1989 B Bonds Reserve Account established in the Series 1989 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1989 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1989 B Bonds in the then current or any succeeding year.

"Series 1989 B Bonds Sinking Fund" means the Series 1989 B Bonds Sinking Fund established by Section 5.02 hereof.

"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 resolutions authorizing the sale of the Notes or the Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Notes or the Original 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, the Prior Bonds or any other obligations of the Issuer, including the Depreciation Account and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the combined waterworks and sewerage system of the Issuer, the sewerage facilities portion of which constitute public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 1989 A Bonds produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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 CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $1,569,568, 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 Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

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 1989 A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bonds and related costs, or any of such purposes, as determined by the Supplemental Resolution there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $400,000. Said Bonds shall be issued in two series, to be designated respectively, "Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A," in the aggregate principal amount of not more than $300,000, and "Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B," in the aggregate principal amount of not more than $100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Grant Anticipation Notes, if any. The proceeds of the 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 Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually 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 Original 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 of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully

registered 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. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

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 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 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 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 forms 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 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 any of the Bonds remain outstanding, the Issuer, through 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 cancelled 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 cancelled 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 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided and amounts, if any, in the respective 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 Gross Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all the Series 1989 A Bonds shall be secured forthwith equally and ratably with each other, by a lien on the Gross Revenues derived from the System, but junior and subordinate to the lien on Gross Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service of all the Series 1989 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Gross Revenues derived from the System, but junior and subordinate to the lien on such Gross Revenues in favor of the Holders of the Prior Bonds and the Series 1989 A Bonds. Such Gross 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 Depreciation Account 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 Original Bonds. The text of the 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 1989 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF PARSONS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1989 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF PARSONS, a municipal corporation and political subdivision of the State of West Virginia in Tucker 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 October 1 of each year (except for the final installment due April 1, 2029) 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 April 1 and October 1 in each year, beginning October 1, 1989. 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 _____, 1989.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the sewerage facilities portion of the existing combined waterworks and sewerage system of the Issuer (the "Project"); (ii) 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; and (iii) to pay certain costs of issuance hereof and related costs. The existing combined waterworks and sewerage system of the Issuer, the Project and any further 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 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 1989 and a Supplemental Resolution duly adopted by the Issuer on _____, 1989 (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 under the Bond Legislation.

This Bond is issued concurrently with the Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, of the Issuer (the "Series 1989 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1989 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) COMBINED WATERWORKS AND SEWERAGE REVENUE BONDS, DATED MAY 1, 1963, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "1963 BONDS") AND

(ii) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND, SERIES 1984, DATED SEPTEMBER 20, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $68,000 (THE "1984 BOND").

The 1963 Bonds and the 1984 Bond are herein collectively called the "Prior Bonds." This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1989 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1989 B Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 Gross Revenues, the moneys in the Series 1989 A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1989 B 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 on the Bonds, the Series 1989 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1989 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1989 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1989 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1989 B Bonds, including 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 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

Bond 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, 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 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 CITY OF PARSONS 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 _____, 1989.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 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: _____

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 in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1989 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF PARSONS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1989 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF PARSONS, a municipal corporation and political subdivision of the State of West Virginia in Tucker 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 October 1 of each year (except for the final installment due April 1, 2029) 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 _____, 1989.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the sewerage facilities portion of the existing combined waterworks and 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 combined waterworks and sewerage system of the Issuer, the Project and any further 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 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 1989 and a Supplemental Resolution duly adopted by the Issuer on _____, 1989 (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 under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) COMBINED WATERWORKS AND SEWERAGE REVENUE BONDS, DATED MAY 1, 1963, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "1963 BONDS");

(ii) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND, SERIES 1984, DATED SEPTEMBER 20, 1984, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $68,000 (THE "1984 BOND"); AND

(iii) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1989 A BONDS").

The 1963 Bonds and the 1984 Bond are herein collectively called the "Prior Bonds." This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds and the Series 1989 A Bonds herein described, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1989 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 Gross Revenues, the moneys in the Series 1989 B 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 maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1989 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there exists in the Series 1989 B Bonds Reserve Account and the reserve account established for the Series 1989 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1989 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in 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, 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 owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1989 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 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 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 CITY OF PARSONS 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 _____, 1989.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 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: _____

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 in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority. The Original 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, ratified and approved.

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1989 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer 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 1989 B Bonds to the Issuer for payment in an amount equal to such excess.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $1,000,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or the Gross Revenues (if issued as bond anticipation notes) or the Grant Receipts, the Surplus Revenues, the letter of credit proceeds and other sources described in the Indenture or supplemental resolution (if issued as grant anticipation notes or a line of credit). The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain

certificates, the sum or sums set forth therein but not to exceed $1,000,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

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 created (or continued if previously established by the 1963 Ordinance and continued by the 1984 Ordinance) 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 Fund (established by the 1963 Ordinance and continued by the 1984 Ordinance);

(2) Depreciation Account (established by the 1963 Ordinance and continued by the 1984 Ordinance);

(3) Renewal and Replacement Fund; and

(4) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1989 A Bonds Sinking Fund;

(a) Within the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account.

(2) Series 1989 B Bonds Sinking Fund;

(a) Within the Series 1989 B Bonds Sinking Fund, the Series 1989 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first each month transfer from the Revenue Fund to the Sinking Fund established with respect to the 1963 Bonds under the 1963 Ordinance with the West Virginia Municipal Bond Commission (the "Commission"),

a sum sufficient to pay the interest on and principal of the 1963 Bonds outstanding under the terms set forth in the 1963 Ordinance, and any additional sums required to pay fiscal charges due to paying agents on the 1963 Bonds and the interest thereon, and shall next remit to the Commission, for deposit in the Reserve Account established with respect to the 1963 Bonds under the 1963 Ordinance, an amount equal to 20% of all amounts required to be paid for maturing principal and interest until the amount in said Reserve Account equals the largest amount of principal and interest which will mature and become due on the 1963 Bonds in any succeeding year, all as provided in the 1963 Ordinance.

(2) The Issuer shall next, each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the 1984 Bond the amount required to pay the interest on the 1984 Bond and to amortize the principal of the 1984 Bond over the life of such Bond issue and, thereafter, the Issuer shall, by the 15th day of each month, transfer from the Revenue Fund and deposit with the Depository Bank in the 1984 Reserve Fund established with respect to the 1984 Bonds under the 1984 Ordinance, 1/12 of 1/10 of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of $4,010 (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the 1984 Reserve Fund, the Issuer shall monthly deposit into the 1984 Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for the payments hereinabove provided, as shall be required to maintain the Minimum Reserve in the 1984 Reserve Fund. Moneys in the 1984 Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the 1984 Bond to said National Finance Office as the same shall become due or for prepayment of installments on the 1984 Bond, or for mandatory prepayment of the 1984 Bond as hereinafter provided, and for no other purpose.

(3) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1989 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1989 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1989 A Bonds 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 1989 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.

(4) 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 1989 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1989 A Bonds 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 1989 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.

(5) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1989 A Bonds, if not fully funded upon issuance of the Series 1989 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1989 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1989 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 1989 A Bonds Reserve Requirement.

(6) The Issuer shall next, by the 15th day of each month, transfer from the Revenue Fund to the Depreciation Account a sum equal to at least 6% of the Gross Revenues of the System in the preceding month in accordance with the terms set forth in the Prior Ordinances, until the Prior Bonds have been paid or otherwise defeased in accordance with the Prior Ordinances.

(7) 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 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, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Prior Bonds Reserve Account, the Series 1989 A Bonds Reserve Account or the Series 1989 B 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 by Subsection 5.03(a)(4) and 5.03(a)(9), respectively] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(8) 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 1989 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1989 B Bonds 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 1989 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.

(9) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1989 B Bonds, if not fully funded upon issuance of the Series 1989 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1989 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1989 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 1989 B Bonds Reserve Requirement.

(10) The Issuer shall next by the 15th day of each month, from the Revenue Fund, pay the reasonable and proper costs of operating, maintaining and repairing the System, all in accordance with the Prior Ordinances, specifically Section 1.04(h) of the 1963 Ordinance.

Moneys in the Series 1989 A Bonds Sinking Fund and the Series 1989 B 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 1989 A Bonds Reserve Account and the Series 1989 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 therefor, and for no other purpose.

All investment earnings on moneys in the several 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 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1989 A Bonds Reserve Account which result in a reduction in the balance of the Series 1989 A Bonds Reserve Account to below the Series 1989 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments to the Prior Bonds Sinking Funds and the Series 1989 A Bonds Sinking Fund for payment of debt service on the Prior Bonds and the Series 1989 A Bonds have been made in full.

Any withdrawals from the Series 1989 B Bonds Reserve Account which result in a reduction in the balance of the Series 1989 B Bonds Reserve Account to below the Series 1989 B Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments to the Prior Bonds Sinking Funds, the Series 1989 A Bonds Sinking Fund, the

Series 1989 A Bonds Reserve Account, the Depreciation Account and the Series 1989 B Bonds Sinking Fund have been made 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 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 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 1989 A Bonds Sinking Fund, or the Series 1989 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective 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 respective maturities 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 8.01 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 respective 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 Sinking Funds established for the Prior Bonds, and the Depreciation Account 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, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund.

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 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, the Depreciation Account 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 5.03 and the Gross 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 Bond Construction Trust 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, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

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 any or all 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 1989 A Bonds, there shall first be deposited with the Commission in the Series 1989 A 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 1989 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.

B. Next, from the proceeds of the Series 1989 A Bonds, there shall be deposited with the Commission in the Series 1989 A Bonds Reserve Account and from the proceeds of the Series 1989 B Bonds, there shall be deposited with the Commission in the Series 1989 B Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1989 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then 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.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1989 A Bonds, and thereafter for the Series 1989 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust 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 for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust 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 Bond Construction Trust 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 Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written 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 Bond Construction Trust Fund to the Series 1989 A Bonds Reserve Account, and when fully funded to the Series 1989 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. Notwithstanding the foregoing, if the Authority tenders any of its Series 1989 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1989 B Bonds.

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 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 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 said Bonds or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.09 shall not be applied to the Grant Anticipation Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes 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 or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Subordinate Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 1989 A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Gross Revenues derived from the operation of the System junior and subordinate to the lien in favor of the Holders of the Prior Bonds. Payment of the debt service of the Series 1989 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Gross Revenues, but such lien shall be junior and subordinate to the lien on said Gross Revenues in favor of the Holders of the Prior Bonds and the Series 1989 A Bonds. The revenues derived from the System, in an

amount sufficient to pay the principal of and interest on the Prior Bonds and 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 7.04. 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 ordinance of the Issuer enacted May 2, 1989.

Section 7.05. Sale of the System. Except as otherwise required by law, 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 Bonds and Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Section 10.01 hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. 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. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

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 Depreciation Account. 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 Fund 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 Fund or the Depreciation Account 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 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 in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, 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 Bonds; provided, however, that additional Bonds on a parity with the Series 1989 B Bonds only may be issued as provided for in Section 7.07 hereof. 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 1989 A Bonds and the Series 1989 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Depreciation Account 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 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1989 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1989 A Bonds, unless the Series 1989 B Bonds are no longer outstanding.

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 Prior Bonds and any other obligations with a lien on the Gross Revenues prior to that of the Bonds;

(2) The Bonds then Outstanding;

(3) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(4) 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 liens of the Series 1989 A Bonds and the Series 1989 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1989 A Bonds or the Series 1989 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 7.06 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 7.07, 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 7.08. 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 or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee 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, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, 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 Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

(C) The amount of any Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be 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 or Notes, as the case may be, and shall submit said report to the Trustee and 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.

Section 7.09. 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, 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 Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds (including the Prior 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 7.04.

Section 7.10. 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 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 mail copies of such annual

budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, 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 the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

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 7.11. 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 7.12. 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 7.13. 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 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes 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 $100,000 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 7.15. 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.

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. 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.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective Series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1989 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1989 B Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, if any, 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, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

Except as provided in the Indenture, if any, 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 Trustee, if any, 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 Trustee, if any, 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 Trustee, if any, and 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 8.02. 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 (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 8.03. Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(C) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Bonds are issued will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(C) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(C) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(C) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer shall take the following actions:

A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Bond Legislation, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Bond Legislation, other than (i) interest earnings and profits on any

funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, provided that, if the Bonds are not private activity bonds (including any "qualified 501(c)(3) bond" as defined under Section 145 of the Code), if the average maturity of the issue of the Bonds (determined in accordance with Section 147(b)(2)(A) of the Code) is at least 5 years and if the rate of interest on the issue of the Bonds does not vary during the term of the issue, then this clause (i) of this Section 8.03A shall be applied without regard to such dollar limitation, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, (iii) interest earnings and profits on the Rebate Fund, and (iv) interest earnings and profits on amounts in funds and accounts otherwise excepted under the Regulations shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

B. DUTIES OF ISSUER IN GENERAL. The Issuer shall calculate Excess Investment Earnings in accordance with Subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsections D and E.

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, or such earlier date as may be required under the Regulations, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bond, or such earlier dates as may be required under the Regulations, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the

Issuer in accordance with the following, or in accordance with such other requirements as may be applicable under the Regulations:

(1) Except as provided in (2), in determining the amount described in clause A(i) of the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the actual Yield of the Bonds during the period between the Closing Date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bonds, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount

earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service (which may include a portion of a fund or account, although not a separate and distinct fund or account) as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than $100,000, provided that, if the Bonds are not private activity bonds (including any "qualified 501(c)(3) bond" as defined under Section 145 of the Code), if the average maturity of the issue of the Bonds (determined in accordance with Section 147(b)(2)(A) of the Code) is at least 5 years and if the rate of interest on the issue of the Bonds does not vary during the term of the issue, then all amounts earned on such fund or account as well as amounts earned on said earnings shall be excluded in determining the amount of Excess Investment Earnings.

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due, except to the extent otherwise required under the Regulations. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period or other period required under the Regulations. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment 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 at the address prescribed by the Regulations as the same may be in 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 by this Subsection D, 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.

E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as

required in this Section. To that end the Issuer shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

F. MAINTENANCE OF RECORDS. The Issuer shall keep, and retain for a period of 6 years following the retirement of the Bonds, records of the determinations made pursuant to this Section 8.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, 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.

H. FURTHER AGREEMENT. Notwithstanding the foregoing, the Issuer further 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.

I. REPORTING TO AUTHORITY. The Issuer shall furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. 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.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, then the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; 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.

B. 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, 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 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, 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 Notes or Bonds, as the case may be, (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 Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1989 B Bonds shall be subject to those of the Holders of the Series 1989 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or Bond Anticipation Note 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 with respect to such Bonds or Bond Anticipation Notes 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 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

DEFEASANCE

Section 10.01. Defeasance of Series 1989 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1989 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 1989 A Bonds only, the pledge of Gross 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 1989 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1989 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 1989 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 Series 1989 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 1989 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 1989 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 Bonds 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 10.02. Defeasance of Series 1989 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1989 B Bonds, the principal 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 1989 B Bonds only, the pledge of Gross 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 1989 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1989 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 such Series 1989 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 Series 1989 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 said Series 1989 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 said Series 1989 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 said Bonds 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 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to such Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. 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 Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Series 1989 A Bonds or the Series 1989 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes 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 or Notes respectively, 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 or Noteholder 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 and the Notes 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 Notes, 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, the Indenture, if any, the Bonds or the Notes, if any.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. All ordinances, 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 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 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 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. 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 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The Parsons Advocate, a qualified newspaper published and of general circulation in the City of Parsons, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds and Notes, 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 - April 18, 1989

Passed on Second Reading - May 2, 1989

Passed on Final Reading Following Public Hearing - May 16, 1989

John H. Wilson
Mayor

Mary Alice Parsons
Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF PARSONS on the 16th day of May, 1989.

Dated: July 25, 1989

[SEAL]

Mary Alice Parsons
Recorder

05/16/89
PARSONSE.A4
68901/88001

CITY OF PARSONS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1989 A and Series 1989 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A AND SERIES 1989 B OF THE CITY OF PARSONS; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the city council (the "Governing Body") of the City of Parsons (the "Issuer"), has duly and officially enacted a bond ordinance, effective May 16, 1989 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE SEWERAGE PORTION OF THE EXISTING COMBINED PUBLIC WATERWORKS AND SEWERAGE FACILITIES OF THE CITY OF PARSONS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 A, NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, AND NOT MORE THAN $300,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; 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 NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $400,000, to be issued in two series, the Series 1989 A Bonds to be in an aggregate principal amount of not more than $300,000 (the "Series 1989 A Bonds") and the Series 1989 B Bonds to be in an aggregate principal amount of not more than $100,000 (the "Series 1989 B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1989 A Bonds to be dated November 22, 1989, and a supplemental loan agreement relating to the Series 1989 B Bonds, also to be dated November 22, 1989 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices 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 and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates 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 CITY OF PARSONS:

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:

(A) The Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $269,103. The Series 1989 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall bear interest at the rate of 8.4% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1990, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1989 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $39,891. The Series 1989 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1989 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, 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 Issuer are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds 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 One Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, 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 direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint Citizens National Bank, Elkins, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1989 A Bonds Proceeds in the amount of $21,800 shall be deposited in the Series 1989 A Bonds Sinking Fund as capitalized interest on the Series 1989 A Bonds.

Section 8. The balance of proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of Costs of the Project, including payment of all bank loans, WDA loans and costs of issuance of the Bonds.

Section 9. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, all borrowings from West Virginia Water Development Authority.

Section 10. The Mayor, City Manager and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about November 22, 1989, to the Authority pursuant to the Loan Agreement.

Section 11. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public

purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance in time accounts secured by a pledge of Government Obligations with Citizens National Bank, and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in such time accounts, until further directed by the Issuer.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer 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. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 14. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year 1989, being the calendar year in which the Bonds are to be issued.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 21st day of November, 1989.

CITY OF PARSONS

John H. Wilson

Mayor

11/20/89
PARSONSS.D3
68901/88001

RECEIVED
DEC 27 2005
THRASHER ENGINEERING, INC.

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS, 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WEST VIRGINIA 25301
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Water) Water Treatment Plant Upgrade PERMIT NO.: 16,868

LOCATION: Parsons COUNTY: Tucker DATE: 12-21-2005

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

City of Parsons
341 Second Street
Parsons, West Virginia 26287

is hereby granted approval to: install approximately 620 LF of 10", 200 LF of 8" and 300 LF of 2" water line; abandon and replace the existing 600,000 gallon clearwell/storage tank with a new 576,000 gallon clearwell/storage tank; add filter to waste piping to the water treatment plant filters; abandon and replace the existing filter backwash facilities with a new 2,500 G.P.M. duplex backwash pump station; install a 25 G.P.M. water treatment plant process water pump in the new backwash pump station; remove sludge from the existing water treatment plant backwash pond; and all necessary valves, controls and appurtenances; at the City of Parsons water treatment plant.

Note: This permit is contingent upon the new 576,000 gallon clearwell/storage tank being enclosed by a minimum six (6) feet high fence with a locking gate.

The Environmental Engineering Division of the OEHS-Philippi District Office, telephone (304) 457-2296, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

Arnold R. Keaton FOR
William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:bms

pc: Thrasher Engineering
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Tucker County Health Department
OEHS-EED Philippi District Office

OWR Permit Details

(1)OWR Permit	
PERMITTEE	PARSONS CITY OF
DEP OFFICE	OWR
PERMIT ID	WVG640105
ISSUE/REISSUE DATE	05/09/2005
EXPIRATION DATE	08/27/2006
FACILITY NAME	Shavers Fork Water Treatment Plant
DESCRIPTION	N/A
No. of CUSTOMERS	
DISTURBED ACRES	
SLUDGE TONNAGE	
DESIGN FLOW(MGD)	
AVERAGE FLOW(MGD)	.02
MAJOR FACILITY	N
EXTENSION DATE	

(1)Permit Status	
ACTIVE YES/NO	Y
OPEN/CLOSED	O
STATUS	Extended

(1) County / Quad	
County: Tucker	Quad: PARSONS

(2) Inspectable Units	
INSPECTABLE UNIT CODE	TYPE
ENTIRE	Entire Default
001	Outlet

(2) Permit Geography		
INSPECTABLE UNIT ID:	2	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	39° 5'27"	
LONGITUDE:	79° 41'13"	
COUNTY:	Tucker	
INSPECTABLE UNIT ID:	ENTIRE	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	39° 5'27"	
LONGITUDE:	79° 41'13"	
COUNTY:	Tucker	

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **August 22, 2006**

Re: **City of Parsons Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund)**

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1. DISBURSEMENTS TO THE CITY OF PARSONS

Payor:	West Virginia Infrastructure & Jobs Development Council
Amount:	$68,300
Form:	Wire
Payee:	City of Parsons
Routing No.	051501671
Account No.	1022962
Contact:	Eric Mullenax, 304.478.2461
Account:	Series 2006 A Bonds Construction Trust Fund

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

Date 08/22/06 Time 9:30 a.m. LGA City of Parsons Program IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Franki Parsons	Jackson Kelly PLLC	340-1283	340-1272	fparsons@jacksonkelly.com
Barbara B Meadows	Water Development Authority	558.3612	558.0299	bmeadows@wvwda.org
[signature]	Steptoe & Johnson PLLC	304.353.8196	304.353.8181	john.stump@steptoe-johnson.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Jason Myers, Clerk Telephone 304.478.2311 E-Mail N/A
Address 341 Second Street, Parsons WV 26287

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