

TOWN OF REEDY, WEST VIRGINIA
WATER REVENUE BOND, SERIES 2014

DISTRIBUTION LIST

Issuer

Town of Reedy
Frank Vannoy, Mayor
Neri McKenzie, Town Clerk
P.O. Box 57, 118 Main Street
Reedy, WV 25270
(304) 927-3222 Telephone
(304) 927-2938 Neri
reedywater_sewer@yahoo.com E-Mail Add.
neri.mckenzie@yahoo.com E-Mail Add.

Bond Counsel

William K. Bragg, Jr., Esq.
Goodwin & Goodwin, LLP
P.O. Box 2107, 300 Summers Street
Charleston, WV 25328-2107
(304) 346-7000 Telephone
(304) 344-9692 Telecopier
wkb@goodwingoodwin.com E-Mail Add.

Bond Purchaser

United States of America
United States Department of
Agriculture, Rural Development
2118 Ripley Road
Ripley, WV 25271
Virginia McDonald, Rural Development
Specialist
(304) 372-6231, Ext. 4 Telephone
(304) 372-6856 Telecopier
virginia.mcdonald@wv.usda.gov E-Mail

Engineer

Jim Hildreth
Boyles and Hildreth
P.O. Box 614
Spencer, WV 25276
(304) 927-4574 Telephone
(304) 927-2802 Telecopier
boyleshildreth@citynet.net E-Mail Add.

Issuer's Counsel

Michael I. Spiker, Esq.
Goodwin & Goodwin, LLP
P.O. Box 2107, 300 Summers Street
Charleston, WV 25328-2107
(304) 346-7000 Telephone
(304) 344-9692 Telecopier
mis@goodwingoodwin.com E-Mail Add.

Issuer's Accountant

David L. Howell, CPA
Terry Henderson
P.O. Box 598
Cabin Creek, WV 25035
(304) 595-5212 Telephone and Telecopier
davidllhowellcpa@suddenlink.net

Depository Bank

Jeanette Atkinson, Executive Vice President
Reta Varda, Sr. Vice President
First Neighborhood Bank, Inc.
216 Market St., P.O. Box 1049
Spencer, WV 25276
(304) 927-1750 Telephone
(304) 927-3675 Telecopier
rvarda@firstneighborhoodbank.com E-Mail

Municipal Bond Commission

WV Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, WV 25302
Sara Rogers, Executive Director
(304) 558-3971 Telephone
(304) 558-1280 Telecopier
Sara.L.Rogers@wv.gov E-Mail Address

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TRANSCRIPT LIST

\$86,000
TOWN OF REEDY
WATER REVENUE BOND, SERIES 2014

Pre-Closing: September 23, 2014

Closing: September 25, 2014

A. BASIC

1. Grant and Loan Agreement.
2. Copy of the Authority for the Creation of the Town of Reedy, West Virginia (the "Issuer").
3. Oaths of Office of Members of Town Council.
4. Bond Ordinance of the Issuer enacted on April 3, 2014, and Supplemental Resolution adopted on September 4, 2014.
5. Minutes of Meetings of Council on First and Second Readings and Public Hearing with respect to Ordinance and Supplemental Resolution.
6. Notice of Public Hearing on Bond Ordinance and Affidavit of Publication.
7. Letter of Conditions, as amended, from Rural Development.
8. Copy of Water Ordinance/Tariff.

B. CERTIFICATES AND RECEIPTS

9. General Certificate signed by the Mayor, Town Clerk and Attorney of the Issuer.
10. Certificate of Consulting Engineer.
11. Certificate of Certified Public Accountant.
12. Certificate of Recorder as to Truth and Accuracy of Documents Delivered.
13. Consent to Issuance of Parity Bond and Parity Lien.
14. Acceptance of Duties of Depository Bank.
15. Bond Registry Form.
16. Cross-Receipt for Bond and Bond Proceeds.

17. Financing Statement.

C. LEGAL OPINIONS

18. Opinion of Goodwin & Goodwin, LLP, Bond Counsel.

19. Opinion of Goodwin & Goodwin, LLP, Counsel to the Issuer.

20. Final Title Opinion.

D. MISCELLANEOUS

21. Municipal Bond Commission New Issue Report Form.

22. Public Service Commission Certificate of Convenience and Necessity.

23. Specimen Bond.

24. 1983 Bond Ordinance and Amendments Thereto.

25. Water Purchase Contract.

26. Certificates of Insurance.

27. Copy of Statutory Authority.

The Pre-Closing of the sale of \$86,000 in aggregate principal amount of Town of Reedy, Water Revenue Bond, Series 2014 will take place at the Town Hall, 118 Main Street, Reedy, West Virginia, at 10:00 a.m., Eastern Time, on September 23, 2014. The Closing will occur on September 25, 2014.

No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered. Any document, which references an Exhibit or Schedule to be attached thereto, shall be considered completed and attached if the referenced Exhibit or Schedule appears elsewhere in this Transcript.

Copy

Approved OMB.No. 0572-0121

RUS Bulletin 1780-12

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

THIS AGREEMENT dated September 25, 2014 between
Reedy, Town Of

a public corporation organized and operating under _____
Chapter 8 Article 19, West Virginia Code
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under jurisdiction at an estimated cost of \$330,000 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$86,000 of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$86,000 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$244,000 or 73.94% percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to

Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed 73.94% percent of the development costs, as defined by applicable Rural Utilities Service Instructions. GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, ~~adopted by resolution dated~~ _____*, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

* ordinance and effective for all service rendered on and after June 22, 2011

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.
[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

The entire water distribution system owned by the Town of Reedy including waterlines, storage tanks, booster stations, and all related facilities located in Roane County, West Virginia.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.
2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed 244,000.00 which it will advance to Grantee to meet not to exceed 73.94% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Mayor

and attested and its corporate seal affixed by its duly authorized

Recorder

Attest:

By: Nettie McKenzie
Nettie McKenzie
(Title) Recorder

By: Frank Vannoy
Frank Vannoy
(Title) Mayor

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: Virginia M. McDonald
VIRGINIA M. McDONALD

Area Specialist

(Title)

9/25/14



LAW ORDERS ROANE CIRCUIT COURT, WEST VIRGINIA.

Month Term, 5 Day, March 30 1894

Carroll Coffey
vs
L. H. Coffey et al.

This day the defendant Margaret M. Coffey

Reports Hon. W. Carter and twenty nine others.

Upon an application for the incorporation of the town of Reedy, in the district of Reedy, Roanoke County, West Virginia. It appearing that this application was omitted to be docketed. On the second day of the present term of this court, it is ordered that the same be docketed now as for then. And thereupon on this day a writ against the said Hon. W. Carter and twenty nine others, by their attorneys, and filed their motion of such incorporation, with affidavits that such notice thereof had been given by copies of the same posted at three of the most public places within the territory named therein; also an accurate census of the resident population of such territory duly verified; also an accurate survey and map of the territory intended to be embraced in the incorporation duly verified; also the certificate and returns of W. H. Fitzwhellum, John W. Tallman, and J. S. Coon, qualified voters in and whose superintendance the votes was taken on the question of such incorporation at a school house in the said town of Reedy on the 25th day of February 1894. Pursuant to the notice aforesaid, from which certificate it appears that at said election, thirty two votes were cast, "for incorporation" and three votes were cast "against incorporation." Upon consideration whereof, the Court doth order and direct the Clerk of this Court to issue a certificate of the incorporation of the town of Reedy in form as follows: "A Certificate under oath of W. H. Fitzwhellum, John W. Tallman, and J. S. Coon was this day filed, showing that a majority of all the qualified voters, residing in the

LAW ORDERS | ROANE CIRCUIT COURT, WEST VIRGINIA.

March Term, 5th Day, March 30th 1894

Copied and signed the same to the Clerk of the Court by the undersigned

following boundary to wit:

Beginning at an Elm on the side of the road near the residence of S. P. Beaman, and running thence N. with 37 poles to a stake on said Beaman's land; thence N. 85th W. 57 poles to a stake near J. W. Ball's store, thence N. 10th E. 74 poles to a stone across the road - thence N. 87th W. 118 poles to a stake, thence S. 20th W. 139 poles to a stake, thence S. 66th E. 140 poles to a stake, and thence N. 56th E. 107 poles to the place of beginning. Pertaining to the said boundary which has been given in and from of Law in favor of the Incorporation of the Town of Beady in the County of Roanoke bounded as herein set forth, and it appearing to the satisfaction of the Court that all of the provisions of Chapter 47 of the Code of West Virginia have been complied with by the applicants for the said incorporation the said Town of Beady is hereby authorized in the Corporate Limits to exercise all the Corporate provisions conferred by the said Chapter from and after the date of this Certificate, and that the Clerk of said County register his name as Clerk to the same, and from and after the date of such Certificate the Territory embraced within the boundary mentioned in said Certificate shall be and be incorporated in Law by the name of "The Town of Beady" specified in the said Notice and Certificate.

It is further ordered by the Court that W. P. Deibert, D. H. Deamah and John Redhop three legal voters residing within the said Territory and Corporate Limits aforesaid be and they are hereby appointed to act as Commissioners of Elections to be held in said Town in accordance with and as provided by Law, and Chapter of the Code, 47 hereinafore.

STATE OF WEST VIRGINIA,
COUNTY OF ROANE, TO-WIT:

I, Brooks McClung, Clerk of the Circuit Court of said Roane County, do hereby certify that the foregoing writing , consisting of two (2) pages written in long hand, is a true, correct and accurate copy of that certain order directing the incorporation of the Town of Reedy and setting forth the boundaries thereof, which was made on the 30th day of March, 1894, and entered in Law Order Book No. 7, Page 193.

Given under my hand and the seal of said Court this the 12th day of January, 1979.

Brooks McClung, Clerk
Circuit Court of Roane
County, West Virginia

By Levi Wickman
Deputy

OATH OR AFFIRMATION OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF Roane TO-WIT:

I, Frank Vannoy, do solemnly swear (or affirm) that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of Mayor of Town of Reedy.

_____ to the best of my skill and judgment.

Print Name and Address:

Frank Vannoy
22 Blair Hill
Reedy, WV 25270

(Signature of affiant) Frank Vannoy

Subscribed and sworn to (or affirmed) before me, in said County and State, this 10th day of July, 2014.



Judith K. Lewellen

OATH OR AFFIRMATION OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF Roane TO-WIT:

I, Neri McKenzie, do solemnly swear (or affirm) that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of Record for Town of Reedy.

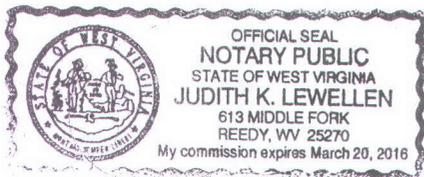
_____ to the best of my skill and judgment.

Print Name and Address:

Neri McKenzie
26 Locust St
Reedy, WV 25270

(Signature of affiant) Neri McKenzie

Subscribed and sworn to (or affirmed) before me, in said County and State, this 10th day of July, 2014



Judith K. Lewellen

OATH OR AFFIRMATION OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF Roane TO-WIT:

I, Andrew McKenzie, do solemnly swear (or affirm) that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of a councilmen for Town of Reedy

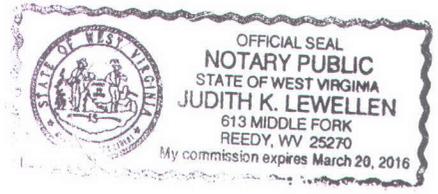
_____ to the best of my skill and judgment.

Print Name and Address:

Andrew McKenzie
26 Locust Street 1
Reedy, WV 25270

(Signature of affiant) [Handwritten Signature]

Subscribed and sworn to (or affirmed) before me, in said County and State, this 10th day of July, 2014.



Judith K. Lewellen

OATH OR AFFIRMATION OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF Roane TO-WIT:

I, Donna Pitts, do solemnly swear (or affirm) that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of a Council Woman for Town of Reedy

_____ to the best of my skill and judgment.

Print Name and Address:

Donna Pitts
34 Mill Street
Reedy, WV 25270

(Signature of affiant) Donna Pitts

Subscribed and sworn to (or affirmed) before me, in said County and State, this 10th day of July, 2014.



Judith K. Lewellen

OATH OR AFFIRMATION OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF Roane TO-WIT:

I, Richard Bailey, do solemnly swear (or affirm) that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of a Councilmen for Town of Reedy.

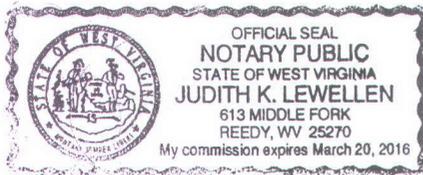
_____ to the best of my skill and judgment.

Print Name and Address:

Richard Bailey
54 Mallie Street
Reedy, WV 25270

(Signature of affiant) Richard L. Bailey

Subscribed and sworn to (or affirmed) before me, in said County and State, this 10th day of July, 2014.



Judith K. Lewellen

OATH OR AFFIRMATION OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF Roane TO-WIT:

I, Gus Livorsi, do solemnly swear (or affirm) that I will support the Constitution of The United States of America and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of a Councilman for Town of Reedy

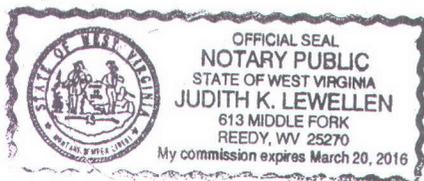
_____ to the best of my skill and judgment.

Print Name and Address:

Gus Livorsi
68 Rice Street
Reedy, WV 25270

(Signature of affiant) _____

Subscribed and sworn to (or affirmed) before me, in said County and State, this 10th day of July, 2014.



Judith K. Lewellen

TOWN OF REEDY, WEST VIRGINIA

BOND ORDINANCE

ORDINANCE AUTHORIZING THE CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC WATER SYSTEM OF THE TOWN OF REEDY, WEST VIRGINIA; AND THE FINANCING OF A PORTION OF THE COST THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT TO EXCEED \$86,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 2014, FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PUBLIC WATER SYSTEM THROUGH FINANCING TO BE OBTAINED BY THE TOWN AT A COST ESTIMATED TO BE APPROXIMATELY \$330,000; WITH BOND PROCEEDS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF REEDY WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNER OF SUCH BOND; PLEDGING NET REVENUES, ON A PARITY BASIS, AS SECURITY FOR THE BOND; PLACING LIMITATION ON SALE OF SYSTEM; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF REEDY:

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 "Ordinance") is adopted pursuant to the provisions of Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

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

B. The Issuer now has a public water system and desires to improve and expand that system and it is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, betterments and improvements to the existing public water system of the Issuer known as the "System" (sometimes referred to herein as the "System") so as to improve the public health, comfort and convenience of residents of the City, including the construction and installation of all necessary appurtenant facilities (the "Project"),

and generally described as water line extensions, pumps, pumping stations, water plant improvements and necessary appurtenances particularly described in and according to the plans and specifications prepared by the Consulting Engineer for the Project and heretofore filed in the office of the Town Clerk of the City Council (the "Governing Body") of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues being and to be derived in each year from the Project and the System will be sufficient to pay the costs of said System, the principal of and interest on the Bonds and all sinking funds, reserve accounts and other payments provided for herein and all as such terms are hereinafter defined.

D. The Issuer is the beneficiary of a United States Department of Agriculture, Rural Development (the "Government") grant in the amount of \$244,000, the proceeds of which, together with the Bond proceeds, will be used to acquire, construct and equip the Project.

E. It is deemed necessary for the Issuer to issue its Water Revenue Bond in the total aggregate principal amount of \$86,000 to finance the cost of the acquisition, construction and equipping of the Project.

F. The estimated maximum cost of the acquisition, construction and equipping of the Project is \$330,000, all of which will be obtained from the sale of the Bonds and from a grant or grants to be made available to the Issuer. The cost of such acquisition, construction and equipping shall be deemed to include but not limited to the cost of preparing drawings, plans and specifications detailing the Project and all attendant expenses; amounts which may be deposited in the Series 2014 Bond Reserve Account; 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, 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 such other expenses as may be necessary or incidental to the financing herein authorized, 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 Bonds or the repayment of indebtedness incurred by the Issuer for acquisition, construction and equipping purposes shall be deemed Costs of the Project, as hereinafter defined.

G. The period of usefulness of the System after completion of the Project is not less than forty (40) years.

H. It is in the best interests of the Issuer that its Series 2014 Bond be sold to the Government.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and equipping of the Project and issuance of the Bond, and will comply prior to the issuance of any additional indebtedness, including, among other things,

the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, if necessary, the time for rehearing and appeal of which will either have expired prior to the issuance of the Bonds or such final order will not be subject to appeal. The Issuer has received the approval of the West Virginia Infrastructure and Jobs Development Council.

J. 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 in aggregate principal amount of tax-exempt obligations during the calendar year in which the Bonds for the construction phase are to be issued.

K. The Issuer currently has outstanding its Water Revenue Bond, Series 1983 (“1983 Bond” or the “Prior Bond”), issued in the original principal amount of \$118,000. The Prior Bond is registered to the Government. The Series 2014 Bond will be issued on parity with the Prior Bond as to lien on the Net Revenues of the System. The additional bonds coverage and parity tests set forth in the ordinance authorizing the issuance of the Prior Bond have been met.

With the exception of the revenue bonds described above, there are no other outstanding bonds or obligations of the Issuer, which will rank prior to or on parity with the Series 2014 Bond as to lien, pledge and/or source of and security for payment.

L. The Issuer is not in default under the terms of the Prior Ordinances or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has attained a sufficient and valid waiver thereof.

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the registered owners of the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

“Act” means Chapter 8, Article 19 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

“Authorized Officer” means the Mayor of the Issuer or any acting Mayor duly appointed by the Governing Body.

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

“Bond Registrar” means the bank or other entity designated herein or in any 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.

“Bond” or “Series 2014 Bond” means the not more than \$86,000 in aggregate principal amounts of Town of Reedy, Water Revenue Bond, Series 2014 issued for the purpose of acquiring, constructing and equipping the Project, and any bonds on parity therewith authorized to be issued hereunder.

“Bonds” means the Bond and the Prior Bond.

“1983 Bond” means the outstanding bond of the Issuer dated October 4, 1983, described in Section 1.02 K herein.

“Closing Date” means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bond by the Government.

“Code” means the Internal Revenue Code of 1986, as amended, and including all Regulations promulgated pursuant thereto, and any successors thereto.

“Commission” means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

“Construction Fund” means the Construction Fund established by Section 4.01 hereof.

“Consulting Engineers” means Boyles & Hildreth, Spencer, 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 1.02 F 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 Ordinance or in the Supplemental Resolution or letter, and its successors and assigns.

“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 or other legally constituted governing body of the Issuer, as may hereafter be constituted.

“Government” means the United States of America, United States Department of Agriculture, Rural Development, and assignee or successor thereto.

“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 any Grant, 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.

“Grant Receipts” means all moneys received by the Issuer on account of any Grant.

“Grants” means any grant or grants received by the Issuer in aid of the design, acquisition and construction of the Project.

“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 7.01 hereof) or any Tap Fees, as hereinafter defined.

“Herein,” “hereto” and similar words shall refer to this entire Ordinance.

“Independent Certified Public Accountants” shall mean any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

“Issuer” means the Town of Reedy, in Roane County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

“Mayor” means the Mayor of the Issuer.

“Net Proceeds” means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Bond 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 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.

“Operation and Maintenance Fund” means the Operation and Maintenance Fund established by Section 4.01 hereof.

“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, fiscal agents, the Depository Bank, Registrar and Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that “Operating Expenses” does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

“Parity Bonds” means additional bonds issued under the provisions and within the limitation prescribed by Section 6.08 hereof.

“Prior Bond” means the Issuer's outstanding Water Revenue Bond, Series 1983, issued in the original principal amount of \$118,000.

“Prior Ordinance” means the ordinance providing for the 1983 Bond, enacted October 4, 1983.

“Private Business Use” means use directly or indirectly in a trade or business carried on by a natural person, including all persons “related” to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons “related” to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to “incidental use,” if any, of the proceeds of the issue and/or proceeds used for “qualified improvements,” if any.

“Project” means the acquisition, construction and equipping of certain additions, betterments and improvements for water facilities of the Issuer, within or surrounding the Town of Reedy and 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 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C, of the West Virginia Code of 1931, as amended; provided, that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments other than that described in this paragraph (h); and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 4.01 hereof.

"Revenue" or "System Revenue Fund" means the Revenue or System Revenue Fund established by Section 4.01 hereof.

"Series 2014 Bond Reserve Account" means the Series 2014 Bond Reserve Account established in the Series 2014 Bond Sinking Fund pursuant to Section 4.02 hereof.

"Series 2014 Bond Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the 2014 Bond in the then current or any succeeding year.

"Series 2014 Bond Sinking Fund" means the Series 2014 Bond Sinking Fund established by Section 4.02 hereof.

"State" means the State of West Virginia.

“Supplemental Resolution” means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance.

“Surplus Revenues” means the Net Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Prior Bond, the Bond, or any other obligations of the Issuer, including the Renewal and Replacement Fund, and the Series 2014 Bond Reserve Account, the proceeds of which Bond or other obligations are to be used to pay Costs of the Project.

“System” means all facilities and other property of every nature, real and personal, now or hereafter owned, held or used in connection with the water system; and shall also include any and all additions, extensions, improvements, properties, or other facilities at any time acquired or constructed for the water system after completion of the Project.

“Tap Fees” means the fees, if any, paid by prospective customers of the System in order to connect thereto.

“Town Clerk” means the Town Clerk or Acting Town Clerk of the Issuer.

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 OF THE PROJECT

Section 2.01. Authorization of Construction of the Project. There is hereby authorized the acquisition, construction and equipping of the Project, at an estimated cost of \$330,000 in accordance with plans and specifications to be prepared by the Consulting Engineers and filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof. The Issuer has received bids and has entered or will enter into contracts for the acquisition, construction and equipping of the Project, compatible with the financing plan submitted to the Government.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BOND

Section 3.01. Authorization of Bond. For the purposes of paying for acquisition, construction and equipping of the Project not otherwise provided for and paying certain costs of issuance of the Bonds and related costs, or any other purposes as determined by a Supplemental Resolution, there shall be issued negotiable Bonds of the Issuer, in the aggregate principal amount of \$86,000 for acquisition, construction and equipping of the Project. Said Bond shall be issued and designated, “Water Revenue Bond, Series 2014”, in the aggregate principal amount of \$86,000 and shall have such terms as set forth hereinafter or in a Supplemental Resolution. The proceeds of the

Bond remaining after funding of the Series 2014 Bond Reserve Account (if funded from Bond proceeds) shall, subject to Section 5.02 hereof, be deposited in or credited to the Construction Fund established by Section 4.01 hereof.

Section 3.02. Terms of Bond. The Bond shall be registered and numbered R-1. The Bond shall bear interest at a rate of 2.00% per annum. The Bond shall mature in not more than forty (40) years; and shall be redeemable in whole or in part, all as prescribed herein. The Bond shall be payable as to principal and interest monthly beginning _____ 1, 201_, 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. Principal and interest on the Bond 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 Government is the Registered Owner thereof.

Unless otherwise provided by a Supplemental Resolution, the Bond shall be issued in the form of a single bond, fully registered to the Government, with a debt service schedule attached, representing the aggregate principal amount, and shall mature in principal installments, as provided in said Bond. The Bond shall be exchangeable at the option and expense of the Holders for other fully registered bonds of the same series Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bond; provided, that the Government shall not be obligated to pay any expenses of such exchange.

Subsequent series of bonds shall be issued in fully registered form and in denominations and at such interest rates and shall be payable as determined by a new Bond Ordinance.

Section 3.03. Execution of Bond. The Mayor shall execute the Bond in the name of the Issuer, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Town Clerk. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Bond Registrar shall have manually executed the Certificate of Authentication and Registration on such Bonds, substantially in the form set forth in Section 3.09. Any such executed Certificate of Authentication and Registration upon any such Bonds shall be conclusive evidence that such Bonds have been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on the Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bond shall be conclusively deemed to have agreed that such Bond 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 Bond shall be incontestable in the hands of a bona fide holder for value.

So long as the Bond remains outstanding, the Bond Registrar shall keep and maintain books for the registration and transfer of the Bonds.

The registered Bond 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 the Bond or transferring the registered Bond are exercised, the Bond shall be delivered in accordance with the provisions of this Ordinance. Any Bond surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of the Bond, 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 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 the Bond during the period commencing on the 15th day of the month preceding an interest payment date on the Bond or, in the case of any proposed redemption of the Bond, next preceding the date of the selection of the Bond to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bond 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 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bond not to be Indebtedness of the Issuer. The Bond shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues, on parity with

the Prior Bond, derived from the operation of the System as herein provided and amounts, if any, in the Series 2014 Bond Reserve Account. No holder of the Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bond or the interest thereon.

Section 3.08. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured by a lien on the Net Revenues derived from the System on parity with the Prior Bond. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bond and the Prior Bond and to make the payments into the Series 2014 Bond Sinking Fund, the Series 2014 Bond Reserve Account therein and the Renewal and Replacement Fund, hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 3.09. Form of Bond. The text of the Bond 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 or Ordinance adopted prior to the issuance thereof:

(FORM OF SERIES 2014 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF REEDY
WATER REVENUE BOND,
SERIES 2014

No. R-1

\$86,000

Date: _____, 2014

KNOW ALL MEN BY THESE PRESENTS: That TOWN OF REEDY, a municipality, public corporation and political subdivision of the State of West Virginia in Roane 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 order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the sum of Eighty-six Thousand and 00/100 Dollars (\$86,000.00), or such lesser amount as set forth on the Record of Advances attached as Exhibit A hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of two and 00/100 percent (2.00%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$271.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Issuer as requested by Issuer and approved by the Government, and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto and made a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to the principal. Payments shall be made at the office of the Municipal Bond Commission, Charleston, West Virginia, and shall be mailed to the registered owner hereof at the address as it appears on the books of the Issuer in its capacity as Registrar. Provided, however, for so long as the Government remains the owner of this Bond, the Issuer shall remit payments directly to the Government or any agency or department thereof.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Development, according to the source of funds involved, shall, after payment of interest, be applied

to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Issuer may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond is issued (i) to pay a portion of the costs of acquisition, construction and equipping of certain additions, betterments and improvements to the public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The water system of the Issuer, together with the Project, and any further extensions, 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 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer and effective April 3, 2014 (the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bond under the Ordinance.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, from moneys in the Reserve Account created under the Ordinance for the Bonds (the "Series 2014 Bond Reserve Account") and

unexpended proceeds of the Bond, on parity with the Issuer's Water Revenue Bond, Series 1983, (the "Prior Bond"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2014 Bond Reserve Account and unexpended proceeds of the Bond. Pursuant to the Ordinance, 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 one hundred fifteen percent (115%) of the maximum amount payable in any year for principal of and interest on the Bond and the Prior Bond, and all other obligations secured by a lien on or payable from such net revenues prior to or on parity with the Bond, provided however, that so long as there exists in the Series 2014 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bond in the then current or any succeeding year and in the reserve account established for any other obligations outstanding prior to or on parity with the Bond, an amount at least equal to the requirement therefor, such percentage may be reduced to one hundred ten percent (110%).

The Issuer has entered into certain further covenants with the registered owner of the Bond for the terms of which reference is made to the Ordinance. Remedies provided the registered owner of the Bond are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Issuer, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

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 Ordinance 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.

If at any time it shall appear to the Government that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government,

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development Authority and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THAT CERTAIN WATER REVENUE BOND, SERIES 1983, OF THE ISSUER DESCRIBED IN AN ORDINANCE ENACTED ON OCTOBER 4, 1983.

The initial address of Government for purposes of bond registration is 1550 Earl Core Road, Suite 101, Morgantown, WV 26505.

This Bond will be in default should any proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as set forth in Exhibit M of subpart G of Part 1940 of Title 7 of the Code of Federal Regulations, as amended.

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

IN WITNESS WHEREOF, TOWN OF REEDY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Town Clerk and has caused this Bond to be dated _____, 2014.

TOWN OF REEDY

[SEAL]

By: _____
Mayor

ATTEST:

Clerk

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and Transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration of the within Bond of said Issuer with full power of substitution in the premises.

Dated: _____, 20__.

(Assignor)

Witnessed in the presence of:

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$ __,000.00	__/__/14	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \$

Section 3.10. Sale of Bonds; Incorporation of Terms. The Series 2014 Bond shall be held to the Government pursuant to the terms and conditions of the Letter of Conditions from the Government dated June 4, 2012. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to accept the Letter of Conditions from the Government, with such changes, insertions and omissions as may be approved by the Mayor, the execution of which shall be conclusive evidence of such approval, and any such prior execution and delivery is hereby authorized, ratified and approved.

Section 3.11. Certificate of Consulting Engineers. Prior to the issuance of the Bond, the Issuer must obtain the certificate of the Consulting Engineers to the effect that the Project will be constructed in accordance with the approved plans and specifications, as submitted to the Government, the Project is or will be adequate for the purposes for which it was designed, and the funding plan, as submitted to the Government, is sufficient to pay the costs of the acquisition and construction of the Project.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created or continued 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 or System Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund; and
- (4) Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created or continued with the Commission:

- (1) Series 2014 Bond Sinking Fund;
 - (a) Within the Series 2014 Bond Sinking Fund, the Series 2014 Bond Reserve Account.

Section 4.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the System Revenue Fund established herein. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from

all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bond (or such other place as may be provided pursuant to the Bond), the amount required to pay the interest on the Bond, and to amortize the principal of the Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amount thereof outstanding and on parity with each other. There is hereby created a sinking fund at the Depository Bank into which the Issuer shall deposit sufficient amounts from the Revenue Fund to pay the interest on the Bonds and to amortize the principal of the Bonds over the remaining respective lives of each Bond issue. As long as the Government owns the Bonds, such deposits can be replaced by the remittances described above.

(3) The Issuer shall next, on the first day of each month, commencing one (1) month prior to the first date of payment of principal and interest of the Bond, if not fully funded upon issuance of the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission, on a pro rata basis with the Prior Bond, for deposit into the Series 2014 Bond Reserve Account, an amount equal to .833% of the Series 2014 Bond Reserve Requirement; provided, that no further payments shall be made into the Series 2014 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2014 Bond Reserve Requirement.

Moneys in the Series 2014 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, as the same shall become due. Moneys in the Series 2014 Bond Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Bond, as the same shall come due, when other moneys in the attendant Series 2014 Bond Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2014 Bond Sinking Fund and Series 2014 Bond 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 Construction Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 2014 Bond Reserve Account which result in a reduction in the balance of the Series 2014 Bond Reserve Accounts to below the Series 2014 Bond Reserve

Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 2014 Bond Sinking Fund for payment of debt service on the Bond.

B. As and when additional bonds ranking on parity with the Bond and the Prior Bond are issued, provision shall be made for additional payments into the 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 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 2014 Bond Sinking Fund or into the Series 2014 Bond Reserve Account therein when the aggregate amount of funds in said Series 2014 Bond Sinking Fund and Series 2014 Bond Reserve Account are at least equal to the aggregate principal amount of the Bond issued pursuant to this Ordinance then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2014 Bond Sinking Fund created hereunder, and all amounts required for said Series 2014 Bond Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Series 2014 Bond Sinking Fund 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 Ordinance.

Moneys in the Series 2014 Bond Reserve Account shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Series 2014 Bond Sinking Fund, including the Series 2014 Bond Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bond and any additional bonds ranking on parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

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 the Series 2014 Bond Sinking Fund, including the Series 2014 Bond Reserve Account therein and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Such Surplus Revenues shall be used to redeem the Bond or for any lawful purposes of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Paying Agent or the Depository Bank, on such dates as the Commission, the Paying Agent or the Depository Bank,

as the case may be, shall require, such additional sums as shall be necessary to pay the Commission's fees, the Paying Agent's fees and the Depository Bank's charges then due.

E. _____ Bank is hereby designated the Depository Bank. The Commission is hereby designated as Paying Agent for the Bond.

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Construction Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

Section 4.04. Excess Bond Proceeds. The Issuer shall place any excess proceeds from the Bonds not required by the Project in the Series 2014 Bond Reserve Account or as otherwise directed by the Government.

ARTICLE V

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 5.01. Application of Bond Proceeds. From the moneys received from time to time from the sale of the Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Bond, there shall be deposited with the Commission in the Series 2014 Bond Reserve Account the sum, if any, required hereunder for funding the Series 2014 Bond Reserve Account.

B. The remaining moneys derived from the sale of the Bond shall be deposited by the Issuer as received from time to time in the Construction Fund established hereunder.

C. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Fund and shall comply with all requirements with respect to the disposition of the Construction Fund set forth in this Ordinance. Moneys in the Construction 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 Bond.

Section 5.02. Disbursements From the Construction Fund. Payments for Costs of the Project shall be made monthly.

On or before the Closing Date, the Issuer shall have delivered to the Government a report listing the specific purposes for which the proceeds of the Bond will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 5.01 hereof, disbursements from the Construction Fund shall be made only after submission to, and approval by, the Government of the following:

- (1) a completed and signed "Payment Requisition Form," and
- (2) 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 Construction Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Until disbursed by the Issuer, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bond. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Bond as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as said Bond or the interest thereon is Outstanding and unpaid.

Section 6.02. Bond Not to be Indebtedness of the Issuer. The Bond 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 Ordinance. No Holder or Holders of the Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bond or the interest thereon.

Section 6.03. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond issued hereunder shall be secured forthwith on parity with the Net Revenues with the Prior Bond derived from the operation of the System including any other fees collected by the Issuer and imposed by the tariff approved by the Governing Body of the Issuer on June 6, 2012. The Revenues derived from the System, in amounts sufficient to pay the principal of and interest on the Bond and to make the payments into the Series 2014 Bond Sinking Fund, including the Series 2014 Bond Reserve Account therein, and all other payments provided for in the Ordinance and the tariff are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bond as the same become due, and for the other purposes provided in the Ordinance.

Section 6.04. Rates. Prior to issuance of the Bond, equitable rates or charges for the proposed and/or actual use of and service rendered by the System have been or will be established, all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Town Clerk, 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. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bond to finance the issuance of the Bond as the purchaser thereof shall require. 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 (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bond and the Prior Bond; provided that, in the event that amounts at least equal to or in excess of the Reserve Requirements are on deposit in the Series 2014 Bond Reserve Account and the Reserve Accounts for the Bond and the Prior Bond are funded at least at the requirement provided for in the Ordinance, such balances each Fiscal Year need only equal at least one hundred ten percent (110%) of the maximum amounts required in any succeeding Fiscal Year for payment of principal of and interest on the Bond and the Prior Bond.

Section 6.05. Completion, Operation and Maintenance; Schedule of Costs. The Issuer shall simultaneously with the delivery of the Bond or immediately thereafter enter into written contracts for the immediate acquisition or construction of the Project. The Issuer will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in the Ordinance.

Section 6.06. Sale of the System. So long as the Bond is outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof without the prior written consent of the Government. Such consent will provide for the disposition of the proceeds of any such sale.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.07 and in Section 6.08B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bond. All obligations issued by the Issuer after the issuance of the Bond 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 Bond; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Series 2014 Bond Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on parity with the lien of the Bond, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bond and the interest thereon in this Ordinance, or upon the System or any part thereof. The Issuer will give the Government prior written notice of the issuance of other obligations to be used for the Project, payable from System revenues or grants for the Project.

Section 6.08. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bond issued pursuant to this Ordinance, 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 Bond and Prior Bonds and shall be issued with the written consent of the Government.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of the System or 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 Town Clerk 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 twelve (12) consecutive months, within the eighteen (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 three (3) succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than one hundred fifteen percent (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 2014 Bond and Prior Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The “estimated average increased annual Net Revenues to be received in each of the three (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 Town Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the twelve (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 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 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 Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

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 Bond Ordinance or 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 Bond 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 Bond.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance with respect to the Bond then outstanding, and any other payments provided for in this Ordinance, 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 Ordinance.

B. Notwithstanding the foregoing, the Issuer may issue Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any issues or series of bonds, provided that the annual debt service required on account of the refunding bonds and the bonds which are not refunded shall not be greater in any year in which the bonds not refunded and the refunding bonds are to be Outstanding than the annual debt service required in such year if the bonds to be refunded were not so refunded.

Section 6.09. 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, the costs of acquiring the Project site, construction, and installing the Project, and the Government 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 Issuer shall keep complete and accurate records of the costs of designing the System, acquiring the Project site and acquiring, constructing and installing the Project. The Issuer shall permit the Government, 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 Government such documents and information as it may reasonably require in connection with the design, 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 Government, or its agents and representatives, to inspect all records pertaining to the construction and 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 shall 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 owner of a Bond or Bonds issued pursuant to the Ordinance shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the 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. The Issuer shall maintain separate control accounting records. 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 Government and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Outstanding Bonds or other obligations outstanding and secured by a lien on the Net Revenues of the System.

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, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to the Holder of the Bond and shall submit said report to the Government. Such audit report submitted to the Government shall include a statement that the Issuer is in compliance with the terms and provisions of this Ordinance and the Act and that Gross Revenues are adequate to meet operation/maintenance expenses and debt service requirements.

The Issuer shall permit the Government, 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 Government, or its agents and representatives, with access to the plans, drawings, specifications, System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Government with respect to the System pursuant to the Act.

Section 6.10. Compliance With Ordinance, Rules and Regulations. The Issuer hereby covenants and agrees to perform and satisfy all terms and conditions of this Ordinance and to comply with all applicable laws, rules and regulations issued by the Government, or other state, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

Section 6.11. Operating Budget and Audit. The Issuer shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated reserves and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall, within thirty (30) days of the adoption thereof, mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Government and to any Holder of the Bond, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Government, or anyone acting for and on behalf of such Holder of the Bond.

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 Government and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Ordinance.

Section 6.12. Engineering Services and Operating Personnel. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Government covering the supervision and inspection of the 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 Government and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit the As-Built Plans to it within sixty (60) days of the completion of the Project.

Section 6.13. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. 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 thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid, to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia. Rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 6.15. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be

revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.16. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bond remains Outstanding, the Issuer and its contractors and subcontractors 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 prime contractor and all subcontractors, as their respective interests may appear, during construction of the Project 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 Government, 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) WORKERS' 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 one hundred percent (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 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 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.

C. The Issuer shall also require all contractors engaged in the construction of the Project to carry such Workers' Compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. Such insurance shall be made payable to the order of the Government, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 6.17. 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 West Virginia Public Service Commission necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BONDS. The Issuer shall use the Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as a local governmental activity of the Issuer.

B. PRIVATE ACTIVITY BOND COVENANT. 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 Bond from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bond as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bond.

C. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of five percent (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.

D. 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.

E. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bond and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

F. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Government) 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 Government) which would adversely affect such exclusion.

Section 6.19. Public Service Commission Approval. The Issuer shall obtain all requisite orders of and approvals from the Public Service Commission of West Virginia necessary for the construction of the Project and operation of the System, and the Government shall receive an opinion of counsel to the Issuer to such effect.

Section 6.20. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 6.21. Statutory Mortgage. For the further protection of the holders of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bonds.

Section 6.22. Restrictions on Use of Bond Proceeds. The Issuer agrees that it will be in default hereunder if any Bond proceeds are used for a purpose that contributes to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

ARTICLE VII

INVESTMENT OF FUNDS

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission, 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 Ordinance and the need for such moneys for the purposes set forth herein.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as the Bond is outstanding.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bond or the Prior Bond:

(1) If default occurs in the due and punctual payment of the principal of the Bond or the Prior Bond; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bond set forth in this Ordinance, any Supplemental Resolution or the Bond or in the Prior Bond or the ordinance and resolution which authorized the Prior Bond, and such default shall have continued for a period of thirty (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 the Bond or the Prior Bond; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of Outstanding 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 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 Ordinance 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 Outstanding 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 Outstanding Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinance with respect to the Outstanding Bonds, or the rights of such Registered Owners. Any such remedies shall be exercised in a manner benefiting the holder of the Series 2014 Bond and the Prior Bond on a parity basis.

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Ordinance 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 Bond any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bond and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance 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 Bond and under any covenants of this Ordinance 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 Ordinance 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 the Bond shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bond. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owner of such Bond and the curing and making good of any Event of Default with respect thereto under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE IX

(RESERVED)

ARTICLE X

RATES, RULES, COVENANTS, ETC.

Section 10.01. Initial Schedule of Rates and Charges.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in a Tariff on file with the Public Service Commission effective on or after August 22, 2011, which Tariff is incorporated herein by reference and is made a part hereof.

B. The Issuer hereby ratifies a Rate Ordinance enacted on June 6, 2012, which sets forth the rates and charges as set out in the above-referenced order and included on the tariff sheet filed with the Public Service Commission.

Section 10.02. Further Covenants.

The Issuer hereby further covenants and agrees as follows:

A. There shall not be any discrimination or differential in rates between customers in similar circumstances.

B. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

C. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and water services by the Issuer without payment at the same time of a water bill owed by such customer for the same premises.

D. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have such remedies and powers as are provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

E. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statements in the office of the Secretary of State of West Virginia.

Section 11.02. Delivery of Bond. The Mayor and Town Clerk of the Governing Body are hereby authorized and directed to cause the Bond, numbered R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 11.03. Payment of Bond. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then, with respect to the Bond only, the pledge of Net Revenues and other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond shall thereupon cease, terminate and become void and be discharged and satisfied. Except through such direct payment to the Holder of the Bond, the Issuer may not defease the Bond or otherwise provide for payment thereof by escrow or like manner.

Section 11.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 11.05. Amendment or Modification of Ordinance. No material modification or amendment of this Ordinance, or of any ordinance or resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owner of the Bond shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Bond so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bond or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bond required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Ordinance may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code as may be necessary to assure the excludability of interest on the Bond from gross income of the holder thereof.

Section 11.06. Ordinance Constitutes Contract. The provisions of this Ordinance shall constitute a contract between the Issuer and the Registered Owner of the Bond, and no change, variation or alteration of any kind of the provisions of this Ordinance shall be made in any manner, except as in this Ordinance provided.

Section 11.07. Conflicting Provisions Repealed. All ordinances and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed except the Prior Ordinances.

Section 11.08. 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.

Section 11.09. 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 applicable thereto; and that the Mayor, Town Clerk 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 11.10. Supplemental Resolutions. The Issuer may pass such supplemental resolutions, if necessary, to effectuate the purposes and intent of this Ordinance.

Section 11.11. Effective Time. This Ordinance shall take effect immediately upon its adoption.

Section 11.12. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond 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 two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) full days intervening

between each publication, in a qualified newspaper published and of general circulation in the Town of Reedy, together with a notice stating that this Bond Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Town Council upon a date certain, not less than ten (10) days subsequent to the date of the first publication of such abstract of this Bond Ordinance 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.

First Reading – March 6, 2014

Second Reading – April 3, 2014

Enacted Following Public Hearing – April 3, 2014

TOWN OF REEDY, WEST VIRGINIA

By: _____
Mayor

[SEAL]

ATTEST:

Town Clerk

between each publication, in a qualified newspaper published and of general circulation in the Town of Reedy, together with a notice stating that this Bond Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Town Council upon a date certain, not less than ten (10) days subsequent to the date of the first publication of such abstract of this Bond Ordinance 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.

First Reading – March 6, 2014

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Enacted Following Public Hearing – April 3, 2014

TOWN OF REEDY, WEST VIRGINIA

By: *Frank W. Cannon*
Mayor

[SEAL]

ATTEST:

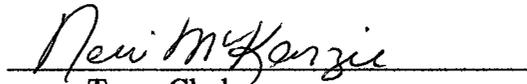
Devi McKenzie
Town Clerk

CERTIFICATION

The undersigned does hereby certify that the attached Ordinance is a true and accurate copy of an Ordinance duly enacted by the Council of the TOWN OF REEDY, WEST VIRGINIA on and effective on April 3, 2014, and that the foregoing document remains in full force and effect and has not been amended.

Dated: April 3, 2014.

[SEAL]


Town Clerk

**\$86,000
TOWN OF REEDY
WATER REVENUE BOND
SERIES 2014**

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, MATURITY DATE, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE TOWN OF REEDY, WATER REVENUE BOND, SERIES 2014; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BOND TO THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE; DESIGNATING A PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BOND.

WHEREAS, the Town Council (the "Council") of the Town of Reedy (the "Town") duly and officially enacted a Bond Ordinance on April 3, 2014 (the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC WATER SYSTEM OF THE TOWN OF REEDY, WEST VIRGINIA; AND THE FINANCING OF A PORTION OF THE COST THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT TO EXCEED \$86,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 2014, FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PUBLIC WATER SYSTEM THROUGH FINANCING TO BE OBTAINED BY THE TOWN AT A COST ESTIMATED TO BE APPROXIMATELY \$330,000; WITH BOND PROCEEDS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF REEDY WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNER OF SUCH BOND; PLEDGING NET REVENUES, ON A PARITY BASIS, AS SECURITY FOR THE BOND; PLACING LIMITATION ON SALE OF SYSTEM; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Ordinance provides for the issuance of the Town of Reedy, Water Revenue Bond, Series 2014 (the "Bond"), in the aggregate principal amount of \$86,000, in

accordance with Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Act");

WHEREAS, the Ordinance provided that the date, maturity date, interest and principal payment dates and other terms of the Bond should be established by a supplemental resolution pertaining to the Bond, and other matters relating to the Bond be herein provided for;

WHEREAS, the Bond is proposed to be purchased by the United States Department of Agriculture, Rural Development ("RD");

WHEREAS, the Council deems it essential and desirable that this Supplemental Resolution (the "Supplemental Resolution") be adopted and that the title, date, maturity date, interest and principal payment dates and other terms of the Bond be fixed hereby in the manner stated herein, and that other matters relating to the Bond be herein provided for; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Ordinance;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF REEDY AS FOLLOWS:

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Town of Reedy, Water Revenue Bond, Series 2014, originally represented by one bond, numbered R-1, in the principal amount of \$86,000. The Bond shall be dated September 25, 2014, shall mature on September 25, 2054, and shall bear interest at the rate of 2.00% per annum. Monthly installments of interest only shall be paid commencing on October 25, 2014, and continuing on the corresponding day of each month through September 25, 2016, and \$271.00 covering principal and interest, shall be paid commencing on October 25, 2016, and continuing on the corresponding day of each month through September 25, 2054. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Town.

Section 2. All other provisions relating to the Bond and the text of the Bond shall be in substantially the form provided in the Ordinance.

Section 3. The Town hereby affirms all covenants and representations made in the application to RD. The price of the Bond shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds will be advanced from time to time as requisitioned by the Town.

Section 4. The proceeds of the Bond, as advanced from time to time, shall be deposited in or credited to the Construction Fund, as received by the Town for payment of Costs of the Project, including costs of issuance of the Bond.

Section 5. 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 Bond hereby and by the Ordinance approved and provided for, to the end that the Bond may be delivered on or about September 25, 2014, to RD.

Section 6. The acquisition and construction of the Project and the financing of the Project in part with proceeds of the Bond are in the public interest, serves a public purpose of the Town and will promote the health, welfare and safety of the residents of the Town.

Section 7. The Town hereby approves and accepts all contracts relating to the financing and construction of the Project. The Town hereby approves the costs of issuance and authorizes the payment of the same.

Section 8. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 4th day of September, 2014.

TOWN OF REEDY

By: Frank J. Wainwright
Mayor

CERTIFICATION

Certified as a true copy of a Resolution duly adopted by the Town Council of the Town of Reedy on the 4th day of September, 2014.

Dated: September 25, 2014.

[SEAL]

Devi McKenzie
Recorder

Town of Reedy – March 6, 2014 Meeting

Mayor Frank Vannoy called the Town meeting to order at 9:00 am. Members present were Donna Pitts, Richard Bailey, Gus Livorsi, Andrew McKenzie and Recorder Neri McKenzie.

Minutes were reviewed by council members. Donna Pitts motioned to accept the minutes from February 6, 2014 meeting. Richard Bailey seconded. Motion passed.

Financial Reports were not available.

*Andrew McKenzie motions to accept the January financial report with corrections. Larry Tucker seconded. Motion passed.

Old Business

New Business

#1 Town Birthday Party

Andrew McKenzie discussed whether the Town should have a birthday party this year. He stated that having just added a 3rd event the Truck Pull, on May 24, then in August Coming Home to Reedy Festival and a month later the Mud Bog.. Do we really still want to have this with everything else we have going now?

Donna Pitts said “We only have a handful of people at the last Birthday Party.

Gus Livorsi said “Then, I don’t think it makes sense to have a party.”

Richard Bailey agreed with the decision not to have a party.

#2 – 1st Reading of the Ordinance for the Water Tank Project

Andrew McKenzie read the Water Bond Ordinance to the Town of Reedy Council Members.

*Andrew McKenzie motioned to approve the 1st Reading of the Water Bond Ordinance as read.

Donna Pitts seconded. Motion was approved.

2nd and Public Hearing for the Reading of the Water Bond Ordinance will be held on April 3,2014

There will be a Budget meeting set for Thursday March 20, 2014 @ 9am.

Andrew McKenzie motion to adjourn @ 9:10 am. Donna Pitts seconded. Motion passed.

Mayor Frank Vannoy Recorder Neri McKenzie
Frank Vannoy Neri McKenzie

Town of Reedy– April 3, 2014 Meeting

Mayor Frank Vannoy called the Town meeting to order at 9:06 am. Members present were Donna Pitts, Richard Bailey, Gus Livorsi, Andrew McKenzie and Recorder Neri McKenzie.

Donna Pitts motioned to accept minutes from 3/6/2014 meeting. Gus Livorsi seconded. Motion passed.

Richard Bailey motioned to accept the minutes from the 3/27/14 Budget Meeting. Donna Pitts seconded. Motion passed.

Financial Report was reviewed. Andrew McKenzie motioned to accept the Financial Report. Richard Bailey seconded. Motion passed.

Old Business

A Public Hearing was conducted for the enactment of the Bond Ordinance.

Councilmen Andrew McKenzie read the Bond Ordinance to the public and water board members. No comments were received from the public.

Donna Pitts made the motion to accept the Bond Ordinance. Richard Bailey seconded. Call for the question. Motion passed unanimously. Bond Ordinance was approved on the 2nd meeting.

- B & O – Andrew made the motioned to begin the process of collecting B & O from the Car wash. Richard Bailey seconded. Motion passed.
- Building Permit – Every Council member is to write down ideas.
- Mowing – Andrew McKenzie motioned to Hire T&J Yard Services for \$ 700 per month upon receiving T & J Business License. Richard Bailey seconded.
- Andrew McKenzie motions to compensations for Town employees working events. Gus Livorsi seconded. Motion passed.
- Gus Livorsi motioned that siding be bought for the Community Building. Richard Bailey seconded.
- Yard sale in June. – No action taken.
- Setting the Levy Meeting to be held on Tuesday April 15 2014 @ 10:00 am.

Donna Pitts motioned to adjourn @ 10:00 am. Richard Bailey seconded. Motion passed.

Mayor Frank Vannoy
Frank Vannoy

Recorder Neri McKenzie
Neri McKenzie

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ORDINANCE AND NOTICE OF PUBLIC HEARING

Pursuant to the provisions of West Virginia Code Chapter 6, Article 9A, Section 6 and Chapter 8, Article 19, as amended, you hereby notified that a public hearing before the Town Council (the "Council") of the Town of Reedy (the "Town") will be held on the 3rd day of April, 2014, at which public hearing the Council will consider for final adoption an Ordinance entitled:

ORDINANCE AUTHORIZING THE CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC WATER SYSTEM OF THE TOWN OF REEDY, WEST VIRGINIA; AND THE FINANCING OF A PORTION OF THE COST THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT TO EXCEED \$86,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 2014, FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PUBLIC WATER SYSTEM THROUGH FINANCING TO BE OBTAINED BY THE TOWN AT A COST ESTIMATED TO BE APPROXIMATELY \$330,000; WITH BOND PROCEEDS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF REEDY WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNER OF SUCH BOND; PLEDGING NET REVENUES, ON A PARITY BASIS, AS SECURITY FOR THE BOND; PLACING LIMITATION ON SALE OF SYSTEM; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The Ordinance was read and approved by the Council on first reading on March 6, 2014, and will be considered on second reading on April 3, 2014. The Ordinance would authorize the issuance of the Town's \$86,000 Water Revenue Bond, Series 2014 (the "Bond"). The Bond would provide a portion of the fund to acquire, construct and equip certain betterments and improvements to the Town's water system (the "System").

The entire amount of the principal of and interest on the Bond would be paid from revenues generated from the operation of the System. The Ordinance further provides as follows:

1. The debt service on the Bond would be payable from the revenues of the System.
2. The Town has the authority under Chapter 8, Article 19 of the Code of West Virginia of 1931, as amended, to finance the operations of the System.
3. The Town has determined that the revenues generated by the operation of the System are sufficient to pay the principal of and interest on the Bond

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA, COUNTY OF ROANE, To-wit: I, Starr Hedges, do solemnly swear that I am Legal Advertising Manager of Spencer Newspapers Inc., a corporation, publisher of the newspaper entitled the Roane County Reporter, a Democratic newspaper; that I have been duly authorized to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the Municipality of Spencer, Roane County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in Article 3, Chapter 59 of the Code of West Virginia, 1931, as amended, within the publication area of the aforesaid municipality and county and adjoining counties; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

ABSTRACTION OF ORDINANCE AND PUBLIC HEARING

was published TWO time(s) in said newspaper on the following dates:

MARCH 20 AND 27, 2014

and the cost of publishing this said notice was \$188.37

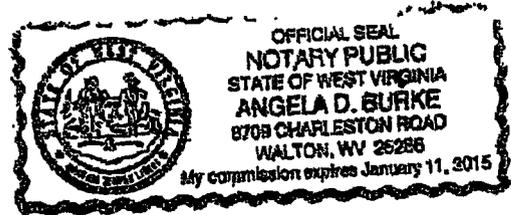
Starr Hedges

Legal Advertising Manager

Subscribed and sworn to before me in my said county this 8th day of April, 2014

Angela D. Burke

Notary Public of Roane County, West Virginia



4. The Ordinance provides that it is in the best interests of the Town to sell the Bond at an annual interest rate of 2.00% and in the principal amount of \$85,000 to the United States of America, United States Department of Agriculture, Rural Development. The Bond shall mature not more than 40 years from their date of issuance.

5. The Ordinance provides that the Mayor shall execute the Bond in the name of the Town, and the seal of the Town shall be affixed thereto or imprinted thereon and attested by the Recorder. The West Virginia Municipal Bond Commission shall serve as the Paying Agent of the Series 2014 Bond.

6. The Ordinance provides for the continuation of the Revenue Fund, the disposition of System revenues, the payment of operating expenses, the payment of monthly or quarterly principal and interest when due, the creation of reserve accounts, the continuation of a Renewal and Replacement Fund, and the use of excess funds of the System.

7. The Ordinance provides for the use of Bond Proceeds for the construction of additions and betterments to the System and the manner and method of disbursing the proceeds of the Bonds.

8. The Ordinance provides for the investment of the Bond proceeds and includes covenants designed to maintain the Bonds' tax-exempt status.

9. The Ordinance establishes terms for default and remedies of the owners of the Bond.

A copy of the Ordinance is available for examination by any interested person at Town Hall during regular office hours of such office, which are 8:30 a.m. to 4:30 p.m., Monday through Friday.

The Town contemplates the issuance of the Bond described in and under the conditions set forth in the Ordinance abstracted above. The public hearing will be held at Council Chambers, Reedy Town Hall, 118 Main Street, Reedy, West Virginia, on the 3rd day of April, 2014, at 9:00 a.m., and any person or persons interested may appear before Council and be heard and may present protests and objections to the passage of the Ordinance and the issuance of the Bonds.

Dated this 7th day of March, 2014.
TOWN OF REEDY, ROANE COUNTY,
WEST VIRGINIA

Frank Vannoy, Mayor
Neri McKenzie, Recorder

2t 3/20-27/14 B



**United States Department of Agriculture
Rural Development
West Virginia State Office**

June 4, 2012

~~The Honorable Frank Vannoy
Mayor, Town of Reedy
118 Main Street
Reedy WV 25270~~

RE: Water System Improvements Project

Dear Mayor Vannoy:

This letter, with Attachments 1 through 9 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development (RD). Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RD loan in the amount of \$86,000, an RD grant in the amount of \$244,000, for a total project cost of \$330,000.

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

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

- a. RUS Instruction 1780, Subparts A, B, C & D
- b. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
- c. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

The Government Auditing Standards (Revision July 2007) may be accessed at www.gao.gov/govaud/ybk01.htm.

1550 Earl Core Road, Suite 101, Morgantown, WV 26505-7500
304.284.4860 • 1.800.295.8228 • 304.284-4893 • TTY/TDD 304.284.4836 • Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202)720-6382 (TDD).

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

- Attachment No. 1 – Project Construction Budget (All Copies)
- Attachment No. 2 – Water and Waste Processing Checklist (All Copies)
- Attachment No. 3 – RUS Bulletin 1780-26, “Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance” (Engineer Copy)
- Attachment No. 4 – WV Supplemental General Conditions (Engineer Copy)
- Attachment No. 5 – Form RD 1927-9, “Preliminary Title Opinion” (Attorney Copy)
- Attachment No. 6– Form RD 442-22, “Opinion of Counsel Relative to Rights-of-Way” (Attorney Copy)
- Attachment No. 7 – Form RD 1927-10, “Final Title Opinion” (Attorney Copy)
- Attachment No. 8 – Guidance to Local Attorney (Applicant and Attorney Copies)
- Attachment No. 9 – Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. RD regulatory requirements (RUS Instruction 1782) now direct that any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RD project applicants. In the event that USDA determines that your project is not progressing within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.
2. Loan Repayment – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 2% interest rate and a monthly amortization factor of .00314, which provides for a monthly payment of \$271.00. You will be required to participate in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due.

Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan. You will be required to establish this debt service reserve account with the West Virginia Municipal Bond Commission (WVMBC). Your bond counsel will be able to assist you with this.

4-

We also require that, as a part of this financing, you immediately transfer the existing water debt service reserve account to the Municipal Bond Commission. This will require the establishment of an account with the WVMBC. Your bond counsel will be able to assist you with this. Once the account is established, monthly deposits of \$357 must begin immediately.

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

3. Security – The loan must be secured by a statutory lien of equal priority with the Town’s outstanding Water Revenue Bonds, a pledge of the system’s revenues and other agreements between you and RD as set forth in the bond ordinance which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
4. Users – This conditional commitment is based upon you providing evidence that there will be at least 121 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to the Town’s existing water system which is to be partially replaced by the new system, at the time you request authorization to advertise the project for construction bids.

Before RD can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and currently using the system.

5. Bond Counsel Services – RD has approved a Legal Services Agreement between the Town and Goodwin & Goodwin, LLP. The bond counsel will prepare the form of ordinance to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
6. Engineering Services – It will be necessary for you to obtain the services of a consulting engineer. EJCDC No. E-500, “Agreement between Owner and Engineer for Professional Services” (2008 Edition) should be utilized (3 Copies). This EJCDC document is issued under copyright and cannot be provided by our agency.

7. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience “RUS Legal Services Agreement” is enclosed for your use.
8. Accounting Services – RD has approved an Agreement for Project Accounting Services between the Town and David L. Howell, CPA. The accountant has agreed to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond ordinance have been established and are operational.

The Accountant’s Agreement should be submitted to RD for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RD concurrence is obtained.

RD regulations outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on the Town. The “Government Auditing Standards (Revised 2007)” and RUS Bulletins 1780-30 and 1780-31 audit requirements.

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

9. Facility Control – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

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

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and USDA-Rural Development.
- c. Approval of financing for the project's proposed financing arrangements.

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

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

- a. General Liability Insurance – This should include vehicular coverage.
- b. Workers' Compensation – In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time.
- d. Real Property Insurance – Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

13. Environmental Requirements –

- c. Mitigation – At the conclusion of the proposal's environmental review process, specific actions were negotiated with environmental regulatory

officials to avoid or minimize adverse environmental impacts. Those actions are required for successful completion of the project and must be adhered to during project design and construction.

- d. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

14. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) –

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

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

You will also be required to provide a certification that the VA and ERP is complete and is current every three years after the start of operations. RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

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

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

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

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

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

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

16. **Contract Documents, Final Plans and Specifications** –

a. The contract documents should consist of the following:

- (1) EJCDC Document No. C-520, 2007 Edition, “Suggested Form of Agreement between Owner and Contractor (Stipulated Price) and EJCDC Document No. C-700, 2007 Edition, “Standard General Conditions of the Construction Contract” and Attachments. The EJCDC document is issued under copyright and cannot be provided by RD.
- (2) “RUS Supplemental General Conditions.” (See RUS Bulletin 1780-26)
- (3) “WV Supplemental General Conditions.”

RUS Bulletin 1780-26, “Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (August 20, 2009 Version),” must be used by your engineer in the preparation of the contract documents. See Attachment No. 3.

- b. The contract documents must provide, as a minimum, the following insurance:
- (1) Liability Insurance – Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the Town and its engineer. EJCDC Document C-700, “Standard General Conditions of the Construction Contract,” Exhibit H to RUS Bulletin 1780-26, “Supplementary Conditions,” and WV Supplemental General Conditions all suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
 - (2) Builder’s Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
 - (3) Workers’ Compensation – In accordance with applicable State laws. See WV Supplemental General Conditions.
- c. The contract documents and final plans and specifications must be submitted to RD for approval.
- d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
16. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, “Wages for Construction of Public Improvements” are met during construction of the project.
17. Disbursement of Funds – The RD funds will be advanced as they are needed in the amount(s) necessary to cover the RD proportionate share of any disbursements required of the Town, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

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

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

- i. Interest earned on grant funds in excess of \$100 per year will be submitted to RD at least quarterly as required in 7 CFR 3016.
- c. The depository would require a minimum balance so high that it would not be feasible.

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

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

18. Water Purchase Contract – The Town purchases treated water from the City of Spencer; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RD.
19. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:
 - Form RD 1940-1 – “Request for Obligation of Funds”
 - RUS Bulletin 1780-12 – “Water or Waste System Grant Agreement”
 - RUS Bulletin 1780-27 – “Loan Resolution (Public Bodies)”
 - Certification of Compliance
 - Form RD 1942-46, “Letter of Intent to Meet Conditions”
20. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA – Rural Development State Office with a request for loan closing instructions to be issued.
21. Upon receipt of the loan and grant docket, which contains all the items required above, RD may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RD with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then

agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RD project funds will be considered to be RD grant funds and refunded to RD. If the amount of unused RD project funds exceeds the RD grant, that part would be RD loan funds and would be applied as an extra payment toward the loan balance.

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

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

Sincerely yours,



BOBBY LEWIS
State Director

Enclosures

cc: RD Area Director
Ripley, WV

David L. Howell, CPA
Cabin Creek, WV

Tim Meeks, Grants Coordinator
Mid-Ohio Valley Regional Council
Parkersburg, WV

Boyles & Hildreth, Consulting Engineers
Spencer, WV

William K. Bragg, Esquire
Goodwin & Goodwin, LLP
Charleston, WV

Attorney

Water System Improvements
Project Construction Budget

<u>PROJECT COST</u>	<u>RD GRANT</u>	<u>RD LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 198,000	\$ 62,500	\$ 260,500
CONST. CONTINGENCY	\$ 13,975	\$ 4,400	\$ 18,375
LAND & RIGHTS			\$ -
LEGAL FEES	\$ 3,900	\$ 1,100	\$ 5,000
BOND COUNSEL	\$ 300	\$ 4,700	\$ 5,000
ACCOUNTING	\$ 5,600	\$ 1,900	\$ 7,500
ENGINEERING FEES	\$ 17,500	\$ 5,500	\$ 23,000
Study & Report - \$3,500			
Basic - \$12,000			
Insp. - \$6,500			
Special - \$1,000			
INTEREST		\$ 4,125	\$ 4,125
ADMINISTRATION			\$ -
PROJECT CONTG.	\$ 4,725	\$ 1,775	\$ 6,500
TOTAL	\$ 244,000	\$ 86,000	\$ 330,000

Rates

Available for general domestic, commercial, and industrial service.

First	3,000	gallons @	\$ 10.76	per M gallons
Next	3,000	gallons @	\$ 8.57	per M gallons
Next	4,000	gallons @	\$ 5.85	per M gallons
All Over	10,000	gallons @	\$ 4.33	per M gallons

Minimum Charge

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

5/8" x 3/4"	meter	\$ 32.28	per month	
3/4"	meter	\$ 48.42	per month	✓
1"	meter	\$ 80.70	per month	✓
1 1/2"	meter	\$ 161.40	per month	✓
2"	meter	\$ 258.24	per month	✓
3"	meter	\$ 484.20	per month	✓
4"	meter	\$ 807.00	per month	✓
6"	meter	\$ 1,614.00	per month	✓
8"	meter	\$ 2,582.40	per month	✓

Minimum Monthly Bill \$ 32.28 for 3,000 gallons

✓
No
Water
Rate
Increase

Delayed Payment Penalty

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

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

Connection Charge

\$250.00

Service Fee

\$25.00

Reconnection Charge

\$50.00

Water Line Maintenance Fee

\$6.00

Use and Income Analysis - See Attached

Cash Flow Analysis - See Attached

TOWN OF REEDY
USE AND INCOME ANALYSIS
EXISTING SYSTEM

Blocking	Cust.	Gal/ Mo.	Minimum Bills	First 3,000	Next 3,000	Next 4,000	All Over 10,000	TOTAL REVENUE
0 - 2,999	809	845.00	809					
3,000	56	168.00		168.00				
3,001 - 6,000	353	1,523.00		1,059.00	464.00			
6,001 - 10,000	127	979.00		381.00	381.00	217.00		
All Over 10,000	105	2,861.00		315.00	315.00	420.00	1,811.00	
Monthly Total	1,450.00	6,376.00	809.00	1,923.00	1,160.00	637.00	1,811.00	
Proposed Rates			\$ 32.28	\$ 10.76	\$ 8.57	\$ 5.85	\$ 4.33	
Annual Revenues			\$ 26,114.52	\$ 20,691.48	\$ 9,941.20	\$ 3,726.45	\$ 7,841.63	\$ 68,315.28

TOWN OF REEDY
OPERATING BUDGET

OPERATING INCOME

Metered Sales	\$ 68,315	
Penalties		
Other Income	\$ 6,209	
Reconnect Fees		
TOTAL OPERATING INCOME		<u>\$ 74,524</u>

NON OPERATING INCOME

Interest income		
TOTAL NON OPERATING INCOME		<u>\$ -</u>

TOTAL INCOME

\$ 74,524

EXPENSES

O & M	\$ 57,875	
Taxes	\$ 4,890	
TOTAL EXPENSES		<u>\$ 62,765</u>

INCOME AVAILABLE FOR D/S (A)

\$ 11,759

DEBT SERVICE

Existing Bond P & I (B)	\$ 6,960	
Proposed Bond P & I (B)	\$ 3,252	
TOTAL DEBT SERVICE		<u>\$ 10,212</u>

DEBT SERVICE RESERVE

Existing Debt Service Reserve	\$ 696	
Proposed Debt Service Reserve	\$ 326	
TOTAL DEBT SERVICE RESERVE		<u>\$ 1,022</u>

SURPLUS (DEFICIT)

\$ 525

DEBT COVERAGE (A/B)

115%

**UNITED STATES DEPARTMENT OF AGRICULTURE
 RURAL DEVELOPMENT
 Water and Waste Processing Checklist
 Water System Improvements Project**

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		X	3
	DUNS Number	1		Applicant		X	3
	CAIVRS Number	1		RD			CPAP Form
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		X	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		X	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		X	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		X	2
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant			1
	Staff Review Financial Statements	1	S.I. 1780.2	RD		X	1
EJCDC No. E-510-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer			6

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
RUS Legal Services Agreement	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney			5
	Site Visit		S.I. 1780-2	RD		X	3
	Processing Conference	1	1780.39(a)	RD		X	3
	Environmental Report	2	1794	Applicant		X	3
Exhibit H S.I. 1794-1	Categorical Exclusion	2	1794	RD		X	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		X	6
	Staff Engineer PER Review	1	1780.33(c)	RD		X	3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		X	8
	Rate Tariff	2	1780.33	Applicant		X	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		X	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RD		X	3
	Documentation on Service Area	1	1780.11	RD		X	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RD		X	1
	Letter of Conditions	7	1780.41 (a)(5)	RD			3

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant		X	5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant		X	2
CPAP Form	Project Information	2	1780.41(a)	RD		X	1
CPAP Form	Underwriting Information	2	1780.33(h)	RD		X	3
RD 1940-1	Request for Obligation of Funds	2	1780.41(a)	RD/ Applicant			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RD/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant		X	5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RD			3
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant		X	3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant		X	6
RD 400-4	Assurance Agreement	1	1901-E	Applicant		X	3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel		X	5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant		X	5
	Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RD			3
RD 442-30	Water Purchase Contract	1	1780.62/ 1780.63	Applicant/ Attorney/ RD			5
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RD Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RD			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3
	DOH Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Agency Determination on Procurement	1	1780.70(d)	RD			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RD/ Attorney			3
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RD/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
(Existing borrowers)	Certifications on VA and ERP	1		Applicant		X	5
	Bid Tabulation	1	1780.61(b)	Engineer			6

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	OGC Closing Instructions	1	1780.44(h)	RD			5
	S/O Closing Instructions	1	1780.44(h)	RD			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RD			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RD/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RD			5

100

100



100

100

100

TOWN OF REEDY, a municipal corporation
OF
REEDY, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING
WATER

at Reedy, Roane County, West Virginia

Filed with **THE PUBLIC SERVICE COMMISSION**
of
WEST VIRGINIA

RECEIVED
12 JUL 12 AM 9:37
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Issued June 6, 2012

Effective for all service rendered on and after August 22, 2011
or as otherwise provided herein

Adopted by Town Council

Issued by TOWN OF REEDY, a municipal corporation

By Frank Schroy
Mayor Title

TOWN OF REEDY (Water)

P.S.C. W.Va. Tariff No. 7
Original Sheet No. 2

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.

APPLICABILITY

Applicable in entire territory served

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service

RATE

First	3,000 gallons	\$10.76 per M gallons
Next	3,000 gallons	\$ 8.57 per M gallons
Next	4,000 gallons	\$ 5.85 per M gallons
All Over	10,000 gallons	\$ 4.33 per M gallons

MINIMUM CHARGE

	5/8 inch meter	\$ 32.28
	3/4 inch meter	\$ 48.85
1	inch meter	\$ 80.64
1 - 1/2	inch meter	\$ 161.36
2	inch meter	\$ 258.16
3	inch meter	\$ 484.06
4	inch meter	\$ 806.78
6	inch meter	\$1,613.54
8	inch meter	\$2,581.66

(Minimum Monthly Bill \$32.28 for 3,000 gallons)

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full 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 TAP FEE

A tap fee of \$250.00 shall be charged for each separate connection to the Reedy Waterworks System on and after the effective date hereof.

SERVICE FEE:

A service fee of \$25.00 shall be charged for each time an account is activated or turned on.

RECONNECT FEE:

Whenever the supply of water is turned off for violations of rules and regulations, non-payment of bills, or fraudulent use of water, a reconnect fee of \$50.00 will be charged for restoring water service.

WATER LINE MAINTENANCE FEE:

A \$6.00 line maintenance fee will be applied to all customers receiving water through Reedy Waterworks. This fee will go into a special account of maintenance of lines and is to be used for this purpose only.

\$86,000
TOWN OF REEDY
WATER REVENUE BOND
SERIES 2014

GENERAL CERTIFICATE

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. INCUMBENCY AND OFFICIAL NAME
7. PUBLIC SERVICE COMMISSION ORDER
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. RATES
12. TRUTH AND ACCURACY
13. SPECIMEN BOND
14. BOND PROCEEDS
15. PRIVATE USE OF FACILITIES
16. NO FEDERAL GUARANTY
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the TOWN OF REEDY, Roane County, West Virginia (the "Town"), and the undersigned ATTORNEY for said Town, hereby certify in connection with the Town of Reedy, Water Revenue Bond, Series 2014 (the "Bond"), in the aggregate principal amount of \$86,000, numbered R-1, dated the date hereof and bearing interest at the rate of two and 00/100 percent (2.00 %) 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 Ordinance enacted by the Town Council (the "Council") and effective on April 3, 2014 (the "Ordinance").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bond; nor questioning the proceedings and authority by which the Council authorized the issuance and sale of the Bond; nor affecting the validity of the Bond or any provisions made or authorized for the payment thereof, including, but not limited to the pledge of Net Revenues of the System for such payment; nor questioning the existence of the Town or the title of the members or officers of the Town or the Council to their respective offices; nor questioning the acquisition, construction and equipping of certain additions, betterments and

improvements to the water system facilities of the Town (the “System”), which is being financed out of the proceeds of sale of the Bond.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable approvals and certificates required by law for the acquisition, construction and equipping of the Project, the operation of the System and the issuance of the Bond have been or will be duly and timely obtained and remain in full force and effect, including approval by the Public Service Commission of West Virginia. Competitive bids for construction of the Project will be solicited in accordance with West Virginia law. The Issuer has procured the services of the Consulting Engineers in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Town or the System since the approval of the Ordinance. There has been no adverse change in the financial condition of the Town or the System since the approval by the Government of a loan to assist in the acquisition, construction and equipping of the Project. Upon issuance and delivery of the Bond, the Town will have the Bond and its Water Revenue Bond, Series 1983 (the “Prior Bond”), as debt outstanding, all of which constitute a first parity lien on the Net Revenues of the System. The Town has obtained the consent of the holder of the Prior Bond to the issuance of the Bond.

5. **SIGNATURES:** The undersigned MAYOR and RECORDER are the duly elected or appointed, qualified and serving officials as indicated by the official titles opposite their signatures below, are duly authorized to execute and seal the Bond for the Town, and on the date hereof have signed and sealed the Bond for the Town. The seal appearing hereon and on the Bond is the only official seal of the Town.

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Town is “Town of Reedy”, and it is a municipality, public corporation and political subdivision duly created under the laws of the State of West Virginia in Roane County of said State. The governing body of the Town is the Mayor, Recorder and the Town Council of five (5) council members, whose names, terms and offices are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>	<u>Office</u>
Frank Vannoy	July 8, 2011	June 30, 2015	Mayor and Council Member
Neri McKenzie	July 8, 2011	June 30, 2015	Recorder and Council Member
Andrew McKenzie	July 8, 2011	June 30, 2015	Council Member
Donna Pitts	April 5, 2012	June 30, 2015	Council Member
Richard Bailey	April 13, 2013	June 30, 2015	Council Member
Gus Livorsi	September 5, 2013	June 30, 2015	Council Member

The duly engaged and acting Attorney for the Town is Brock Stotts, Ripley, West Virginia.

7. **PUBLIC SERVICE COMMISSION ORDER:** The Town covenants that it has filed any information with the PSC and taken any other actions required to maintain the PSC Commission

Order entered on February 3, 2014, in Case No. 13-1848-W-CN, in full force and effect, with the time for rehearing and appeal having expired.

8. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the construction, operation and maintenance of this System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Town 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 Town to pay for the same without jeopardizing the security of or payments on the Bond.

9. **MEETINGS:** All actions, ordinances, Ordinances, orders and agreements taken, adopted and entered into by or on behalf of the Town in any way connected with the acquisition, construction, equipping and financing of the Project and the operation of the System were authorized or adopted at meetings of the Council duly called and held pursuant to all applicable statutes and the customary procedure of the Council, and a quorum of duly appointed, qualified and acting members of the Council was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

10. **INSURANCE:** The Town will maintain or, as appropriate, will require all contractors to maintain Workers' Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance.

11. **RATES:** Based upon information submitted by the Consulting Engineers and an independent Certified Public Accountant, the rates and charges for the System which were authorized on June 6, 2012, and remain in full force and effect, will, so long as the Bond is outstanding, provide Net Revenues sufficient to pay (a) the interest upon the Bond and the Prior Bond, (b) the necessary fiscal agency charges, (c) the principal amount of the Bond and the Prior Bond at or before its maturity, (d) a margin of safety or reserve for such Bond and the Prior Bond and for the payment into the reserve account created on account of the Bond, and (e) meet the requirements set forth in the Ordinance.

12. **TRUTH AND ACCURACY:** As of the date hereof, Frank Vannoy, Mayor, and Neri McKenzie, Recorder hereby certify that the copies of documents previously or on the date hereof certified by them as being true and accurate are true and accurate as of the date hereof and that none of such documents have been repealed, rescinded, amended or otherwise modified.

13. **SPECIMEN BOND:** Attached hereto as Exhibit A is a specimen of the Bond, which, except as to execution and authentication, is identical in all respects with such Bond this day delivered to the Government and being substantially in the form prescribed in the Ordinance.

14. **BOND PROCEEDS:** On the date hereof, the Town received \$24,698.75 from the Government, being a portion of the principal amount of the Bond and more than a de minimis

amount of the proceeds of the Bond. The balance of the principal amount of the Bond will be advanced to the Town as acquisition, construction and equipping of the Project progresses.

15. PRIVATE USE OF FACILITIES: The Town shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bond and the interest thereon. Less than ten percent (10%) of the proceeds of the Bond will be used, directly or indirectly, for any private business use, and less than ten percent (10%) of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Town) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bond will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bond, including the disproportionate related business use of the proceeds of the Bond, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or 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 with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bond. None of the proceeds of the issue of the Bond will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

16. NO FEDERAL GUARANTY: The Bond is not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

17. CONFLICT OF INTEREST: No officer or employee of the Town has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Town or in the sale of any land, materials, supplies or services to the Town or to any contractor supplying the Issuer, relating to the Bond, the Ordinance, and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than five percent (5%) of the particular business enterprise or contract.

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

19. COUNTERPARTS: This Certificate may be executed in counterpart, and such parts shall be deemed to be the Certificate.

WITNESS our signatures and the official seal of the Town of Reedy as of the 25th day of September, 2014.

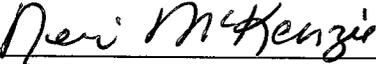
SIGNATURE

OFFICIAL TITLE



Frank Vannoy

Mayor



Neri McKenzie

Recorder



Michael I. Spiker

Attorney

Exhibit A

(Specimen Bond-See Tab 23)

\$86,000
TOWN OF REEDY
WATER REVENUE BOND
SERIES 2014

CERTIFICATE OF CONSULTING ENGINEER

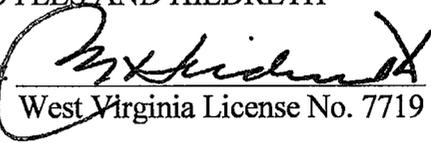
I, James B. Hildreth, P.E., of Boyles and Hildreth Consulting Engineers, Spencer, West Virginia, a Registered Professional Engineer, West Virginia License No. 7719, hereby certify that I am the engineer for the acquisition, construction and equipping of certain additions, betterments and improvements to the water system (herein called the "Project") of the Town of Reedy (the "Issuer"), located in Roane County, West Virginia, which acquisition, construction and equipping cost is being financed by the above-captioned bond (the "Bond") of the Issuer. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Ordinance enacted by the Town Council of the Issuer and effective on April 3, 2014 (the "Ordinance").

1. The Bond is being issued for the purpose of financing a portion of the costs of the Project.

2. The undersigned hereby certifies that to the best of his knowledge after due inquiry (i) the Project will consist of the acquisition, construction and equipping of water system improvements based upon approved plans, specifications and designs which will be prepared by my firm and which have been or will be approved by all necessary governmental bodies, (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty (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 construction of the Project which are in an amount and otherwise compatible with the plan of financing, and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds, iv) the chosen bidder received any and all addenda to the original bid documents, (v) the bid documents reflect the Project as approved by all required governmental agencies; (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof, (vii) the uniform bid procedures were followed, (viii) the Issuer has obtained or will obtain all permits required by the laws of the State and the federal government necessary for the construction of the Project, (ix) the net proceeds of the Bond, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are or will be sufficient, in normal instances, to pay the costs of acquisition, construction and equipping of the Project, and (x) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature as of the 25th day of September, 2014.

BOYLES AND HILDRETH

By 
West Virginia License No. 7719

[SEAL]

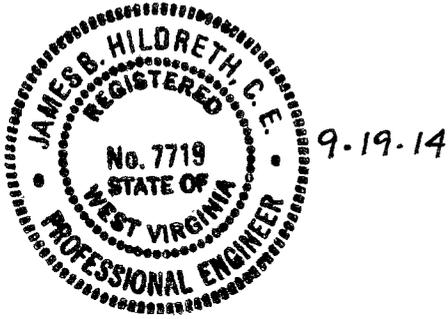


EXHIBIT A

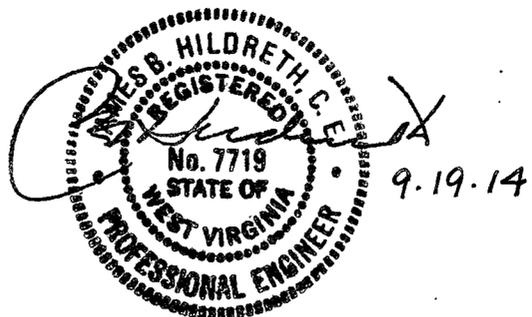
Schedule A - Total Cost of Project and Source of Funds

TOTAL COST OF PROJECT

Acquisition, Construction and Equipping	\$258,825.00
Construction Contingency	17,975.00
Engineering – Design Phase	14,100.00
Engineering – Construction Phase	2,400.00
Inspection	6,500.00
Administration	3,000.00
Legal	6,000.00
Bond Counsel	5,500.00
Accounting	7,500.00
Land & Right-of-Ways	0.00
DOH Inspection Fees & Permit Fees	0.00
Equipment	0.00
Interest	1,700.00
Project Contingency	6,500.00
TOTAL PROJECT COST	\$330,000.00

SOURCE OF FUNDS

Rural Development loan in the amount of \$86,000 at 2.00% for a term not to exceed 40 years and an RD grant in the amount of \$244,000.





David L. Howell Member AICPA
Certified Public Accountant WVSCPA

Post Office Box 598
Cabin Creek, WV 25035
(304) 595-5212
davidhowellcpa@suddenlink.net

\$86,000
TOWN OF REEDY
WATER REVENUE BOND
SERIES 2014

CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

I, David L. Howell, a Certified Public Accountant, License No. 3282, Cabin Creek, West Virginia, have reviewed the water service rates, which were enacted by the Town of Reedy (the "Town"), by a Rate Ordinance enacted on June 6, 2012 (the "Rate Ordinance"), and customer usage, revenues and expenses. It is my opinion that the schedule of rates set forth in the Rate Ordinance are adequate to pay operation and maintenance expenses of the System, as defined in the Bond Ordinance enacted by the Town Council of the Town and effective on April 3, 2014 (the "Bond Ordinance"), to pay the principal of and interest, if any, on the 2014 Bond and the Prior Bonds, as defined in the Bond Ordinance, and to meet the one hundred fifteen percent (115%) debt service coverage requirement of the Prior Bonds and the 2014 Bond and the Bond Ordinance.

It is further my opinion that the Net Revenues for the fiscal year following the year in which the Series 2014 Bond is to be issued will be at least 115% of the average annual debt service requirements on the Prior Bonds and the Series 2014 Bond.

It is further my 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 Series 2014 Bond, 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 Series 2014 Bond, will not be less than 115% of the maximum annual amount which will mature and become due in any succeeding year for principal of and interest on the Prior Bonds and the Series 2014 Bond.

WITNESS my signature as of the 25th day of September, 2014.

David L. Howell, Certified Public Accountant
License No. 3282

\$86,000
TOWN OF REEDY
WATER REVENUE BOND
SERIES 2014

CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, Neri McKenzie, the duly appointed Recorder of the Town of Reedy (the "Issuer"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the \$86,000 Town of Reedy, Water Revenue Bond, Series 2014 (the "Bond"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersession, amendment or modification is also listed below:

1. Charter of the Issuer.
2. Oaths of Office of the Mayor, Recorder and Members of the Council (the "Council").
3. Water Rate Tariff authorized on June 6, 2012.
4. Minutes of the meeting of the Council wherein the Water Rate Tariff was adopted.
5. Bond Ordinance (the "Ordinance") enacted on April 3, 2014.
6. Supplemental Resolution (the "Resolution") adopted on September 4, 2014.
7. Minutes of the March 6 and April 3, 2014, meetings and public hearing of the Council wherein the Ordinance was read and approved and the public hearing was conducted.
8. Affidavit of publication of the abstract and notice of meeting on the Ordinance published in *The Roane County Journal*.
9. Commission Order of the Public Service Commission of West Virginia entered on February 3, 2014, in Case No. 13-1848-W-CN.

WITNESS my signature and the official seal of the Town of Reedy as of the 25th day of September, 2014.

(SEAL)


Recorder



Rural Development

West Virginia
State Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

Voice 304.284.4860
1.800.295.8228
Fax 855.859.1835

\$86,000
TOWN OF REEDY
WATER REVENUE BOND
SERIES 2014

CONSENT TO ISSUANCE OF PARITY BOND AND PARITY LIEN

United States of America, Rural Development (the "Government") represents that it is the sole and only registered owner of the outstanding Water Revenue Bond, Series 1983, dated October 4, 1983 (the "Prior Bond"), of the Town of Reedy, Roane County, West Virginia (the "Town"). The Government does hereby consent to the issuance by the Town of its parity Water Revenue Bond, Series 2014, in the amount of \$86,000 (the "Series 2014 Bond") to be sold to the Government. The Government hereby further consents that the Series 2014 Bond may be payable from the revenues of the water system of the Town and otherwise secured on a parity basis with the Prior Bond.

By the execution of this consent, the undersigned hereby certifies that she is fully empowered and authorized to execute this consent on behalf of the Government.

WITNESS my signature this 25th day of September, 2014.

UNITED STATE OF AMERICA,
RURAL DEVELOPMENT

By: 
State Director, USDA-Rural Development

USDA is an equal opportunity provider and employer.

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

\$86,000
TOWN OF REEDY
WATER REVENUE BOND
SERIES 2014

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

First Neighborhood Bank, Inc., a state banking corporation, at its office located in Spencer, Roane County, West Virginia, hereby accepts appointment as Depository Bank in connection with an Ordinance of the Town of Reedy (the "Town") duly enacted by the Town Council of the Town and effective on April 3, 2014 (the "Ordinance"), authorizing issuance by the Town of its Water Revenue Bond, Series 2014, dated September 25, 2014, in the aggregate principal amount of \$86,000, and agrees to perform all duties of Depository Bank as set forth in the Ordinance.

Witness my signature as of the 25th day of September, 2013.

First Neighborhood Bank, Inc.

By: *Jeanette Alkner*
Exec. Vice President

BOND REGISTRY

\$86,000
TOWN OF REEDY
WATER REVENUE BOND
SERIES 2014

<u>BOND NO.</u>	<u>AMOUNT</u>	<u>HOLDER</u>	<u>DATE ACQUIRED</u>
R-1	\$86,000	United States of America United States Dept. of Agriculture, Rural Development 1550 Earl Core Road, Suite 101 Morgantown, WV 26505	September 25, 2014

ALL ASSIGNMENTS OR CHANGES OF OWNERSHIP OF THIS BOND MUST BE REPORTED ON THIS REGISTRY PURSUANT TO SECTION 3.05 OF THE BOND ORDINANCE.

\$86,000
TOWN OF REEDY
WATER REVENUE BOND
SERIES 2014

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned Virginia M. McDonald, Rural Development Specialist for the United States Department of Agriculture, Rural Development ("RD"), and Frank Vannoy, Mayor of the Town of Reedy, Roane County, West Virginia (the "Issuer"), hereby certify as follows:

1. On the 25th day of September, 2014, RD received the entire original issue in aggregate principal amount of \$86,000 of the Water Revenue Bond, Series 2014, of the Issuer (the "Bond"). The Bond, as so received on original issuance, is dated September 25, 2014, and is issued as Bond Number R-1, in the denomination of \$86,000.

2. At the time of such receipt of the Bond, Frank Vannoy, as Mayor of the Issuer, had executed the Bond by his manual signature, and by Neri McKenzie, as Recorder of the Issuer, by her manual signature, and the official seal of the Issuer had been imprinted upon the Bond.

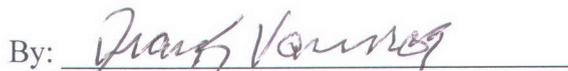
3. The Issuer has received and hereby acknowledges receipt from RD, as the original purchaser of the Bond, of \$24,698.75, being more than a de minimus portion of the proceeds of the Bond. The balance will be advanced from time to time to pay costs of the Project.

IN WITNESS WHEREOF, this receipt has been signed and delivered on behalf of the United States Department of Agriculture, Rural Development, and the Town of Reedy, Roane County, West Virginia, has caused this receipt to be executed by its Mayor, as of the 25th day of September, 2014.

UNITED STATES DEPARTMENT OF AGRICULTURE,
Rural Development

By: 
Rural Development Specialist

TOWN OF REEDY

By: 
Mayor

201438816714

Friday, October 03, 2014
2:40 PM

WV SECRETARY OF STATE

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) William K. Bragg, Jr.
B. E-MAIL CONTACT AT FILER (optional) wkb@goodwingoodwin.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) <div style="border: 1px solid black; padding: 5px;"> William K. Bragg, Jr. Goodwin & Goodwin, LLP 300 Summers St., Suite 1500 Charleston, WV 25328 (304) 346-7000 </div>

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1 DEBTOR'S NAME Provide only one Debtor name (1a or 1b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME Town of Reedy	OR			
1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
1c. MAILING ADDRESS P.O. Box 57	CITY Reedy	STATE WV	POSTAL CODE 25270	COUNTRY USA

2. DEBTOR'S NAME. Provide only one Debtor name (2a or 2b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name), if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME	OR			
2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3 SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME United States Department of Agriculture, Rural Development	OR			
3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
3c. MAILING ADDRESS 2118 Ripley Road	CITY Ripley	STATE WV	POSTAL CODE 25271	COUNTRY USA

4 COLLATERAL: This financing statement covers the following collateral:

Statutory mortgage lien on accounts, revenues, water system and other property as provided by Bond Ordinance authorizing the issuance of \$86,000 Town of Reedy, Water Revenue Bond, Series 2014, and by Chapter 8, Article 19 of the Code of West Virginia of 1931, as amended.

This Financing Statement is filed in connection with a public-finance transaction of the Town of Reedy, Roane County, West Virginia. Pursuant to the provisions of Section 46-9-515(b) of the Code of West Virginia of 1931, as amended, this financing statement shall be effective for a period of forty (40) years from its date of filing, unless the underlying debt is repaid sooner.

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box: Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable). Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:



Goodwin & Goodwin, LLP
300 Summers Street
Suite 1500
Charleston, WV 25301-1678

T (304) 346-7000
F (304) 344-9692

www.goodwingoodwin.com

September 25, 2014

United States of America
United States Department of Agriculture,
Rural Development
2118 Ripley Road
Ripley, WV 25271

Re: \$86,000 Town of Reedy
Water Revenue Bond, Series 2014

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by the Town of Reedy (the "Issuer") of its Water Revenue Bond, Series 2014, in the principal amount of \$86,000, bearing interest on the unpaid principal balance from date of delivery at the rate of two and 00/100 percent (2.00%) per annum, and dated on the date hereof (the "Bond").

The Bond has been authorized by an ordinance (the "Bond Ordinance") duly enacted by the Town Council of the Issuer, which is the governing body of the Issuer.

Interest only on the Bond is payable in monthly installments for the twenty-four (24) months after delivery of the Bond and thereafter the principal of and interest on the Bond is payable in monthly installments of \$271.00, to and including the 480th month after the date of the Bond, the final installment to be in the sum of the unpaid principal and interest due on the date thereof.

Principal installments upon the Bond are subject to payment in advance as provided therein and in the Bond Ordinance.

The Bond Ordinance and the Bond provide that the issue is for the purpose of financing the costs of construction and acquisition of the improvements and additions to an existing water system (the "System") of the Issuer.

Upon issuance of the Bond, the Issuer has outstanding the Series 1983 Bond, as described in the Bond Ordinance, which is on a parity as to lien and source of and security for payment with the Bond.

In rendering this opinion, we have relied, in part, upon the opinion letter of Goodwin & Goodwin, LLP, attorney to the Issuer, and the combined General Certificate of Issuer and attorney for Issuer.

It is our opinion that:

September 25, 2014

Page 2

1. The Issuer is a duly organized and presently existing municipality and is a public corporation and a political subdivision of the State of West Virginia with full power and authority to construct, acquire, operate and maintain the System and issue and sell the Bond, all under the provisions of Chapter 8, Article 19 (the "Act"), of the Code of West Virginia of 1931, as amended, and other applicable provisions of law.

2. The Issuer, through its Council, has legally and effectively enacted the Bond Ordinance in connection with the bond issue and issued, sold and delivered the Bond to the Rural Development.

3. As of this date, the Bond is in due and proper form and has been duly executed and delivered and constitutes a valid and legally enforceable special obligation of the Issuer secured by and payable solely from a parity statutory lien with the Bond and the 1983 Bond, as described in the Bond Ordinance, and a pledge of the Net Revenues of the System, all in accordance with the terms of the Bond and the Bond Ordinance.

4. The Bond and the interest thereon are, under the Act, exempt from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

5. The Bond has not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bond.

6. It is to be understood that the rights of the holder of the Bond and the enforceability of the Bond and the Bond Ordinance, and the liens and pledges set forth therein, may be subject to and this opinion is 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 Bond numbered R-1 and in our opinion, the form of said Bond and its execution are regular and proper.

Respectfully submitted,


GOODWIN & GOODWIN, LLP



Goodwin & Goodwin, LLP
300 Summers Street
Suite 1500
Charleston, WV 25301-1678

T (304) 346-7000
F (304) 344-9692

www.goodwingoodwin.com

September 25, 2014

United States Department of Agriculture, Rural Development
2118 Ripley Road
Ripley, WV 25271

Re: \$86,000 Town of Reedy
Water Revenue Bond, Series 2014

Ladies and Gentlemen:

We are counsel to the Town of Reedy (the "Town"). We have reviewed various documents relating to the above-captioned bonds of the Town (the "Bond"), and an Ordinance duly enacted by the Council of the Town (the "Council") and effective on April 3, 2014 (the "Ordinance"), and other documents relating to the Bond. Terms used in this opinion and not otherwise defined herein shall have the same meanings as contained in the Ordinance. We are of the opinion as follows:

1. The Town is a duly organized and presently existing municipality, with full power and authority to make the improvements constituting the Project referred to in the Ordinance and to issue and sell the Bond, all under the Ordinance and other applicable provisions of law.
2. The Mayor, Recorder and members of the Town Council were duly and properly elected or appointed and are thereby authorized to act on behalf of the Town.
3. The Ordinance has been duly enacted by the Council and is in full force and effect.
4. The execution and delivery of the Bond and the consummation of the transactions contemplated by the Ordinance and the carrying out of the terms thereof do not and will not in any material respect conflict with or constitute on the part of the Town a breach of or default under any agreement or other instrument to which the Town is a party or any existing law, regulation, court order or consent decree to which the Town is subject.
5. The Town has received all necessary permits, licenses, approvals and authorizations that are presently obtainable to make the improvements and to finance the Project including approval by the Public Service Commission of West Virginia.

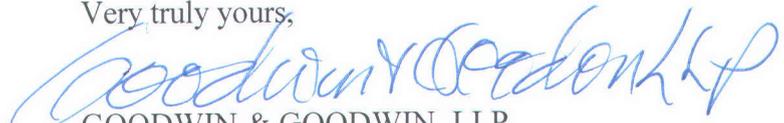
6. The Town has obtained from the West Virginia Public Service Commission a valid, final and non-appealable Commission Order in Case No. 13-1848-W-CN, which lawfully authorizes the Town to proceed with the improvements to the Town's water system.

7. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bond or the collection or pledge of the revenues.

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

The foregoing opinion is qualified to the extent that the enforceability of the liens, pledges and terms set forth in the Bond and in the Ordinance may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally.

Very truly yours,



GOODWIN & GOODWIN, LLP

- IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.
- V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

GOODWIN & GOODWIN, LLP
MICHAEL I. SPIKER

09-25-2014

(Date)

(Attorney's signature)

300 Summers Street, East, Suite 1500
P. O. Box 2107
Charleston, West Virginia 25328-2107

(Address, include ZIP Code)

Attachments

SCHEDULE "A"
TOWN OF REEDY

TRACT ONE: Tank Lot.

The following tracts in or near the Town of Reedy, on the waters of Reedy Creek, Reedy District, Roane County, West Virginia, and more particularly bounded and described as follows:

BEGINNING at an iron pin set in the line of Earl Truman, which is located S. 17° 34' E. 7.99 feet from a 14 inch Black Walnut corner of McClung and Truman and running thence across first party's land S. 60° W. 58.28 feet to an iron pin; thence N. 30° W. 60 feet to an iron pin; thence N. 60° E. 60 feet to an iron pin set in the fence line; thence running with first party and Earl Truman line S. 30° E. 52.2 feet to said 14 inch Black Walnut corner to first party Sharon Christ and Earl Truman; thence with Sharon Christ line S. 17° 34' E. 2.9 feet to the place of beginning, containing .0825 acres, more or less.

This is same lot conveyed to the Town of Reedy by Deed dated September 20, 1982, recorded March 18, 1983 in Roane County Deed Book 291, page 513. (Tax Map 1/45.2)

TRACT TWO: Town Hall/Water Works

BEGINNING at a stake, corner to lot formerly owned by Chris C. Stewart and running thence N. 29-1/2° W. 10 poles to a stake; thence N. 64° E. 4 poles; thence S. 29-1/2° E. 10 poles to road; thence with same, S. 64° W. 4 poles to the place of beginning.

This is same lot conveyed to the Town of Reedy by Deed dated January 13, 1977, recorded September 12, 1977 in Roane County Deed Book 263, page 715. (Tax Map 2/83)

TRACT THREE: Chlorine Station.

BEGINNING at an iron pipe set 20 feet west of the center of State Route 14, and 15 feet north of the center of secondary 10, this point being the southeast corner of the parent tract; thence along a line 15 feet north of the center of secondary 10 S. 40° 10' W. 12.64 feet to an iron pipe set in the easterly edge of a 30 foot street (Hardman Drive); thence along the same N. 35° 35' W. 76.14 feet to an iron pipe set; thence leaving said street N. 42° 18' E. 10.00 feet to a cross cut on the center of a headwall at a 72 inch box culvert at 20 foot west of the center of State Route 14; thence along the same, S. 37° 28' E. 75.17 feet to the place of beginning, containing 836.4 square feet, more or less.

This is same lot conveyed to the Town of Reedy by Deed dated April 11, 1986, recorded April 11, 1986 in Roane County Deed Book 307, page 651. (Tax Map 21/1-1)

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date September 25, 2014

Dear Sir:

I have reviewed the action taken by TOWN OF REEDY
(hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way

~~Certificate" executed by the Corporation on~~ _____, 20____. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the ~~"Right-of-way Certificate"~~.

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

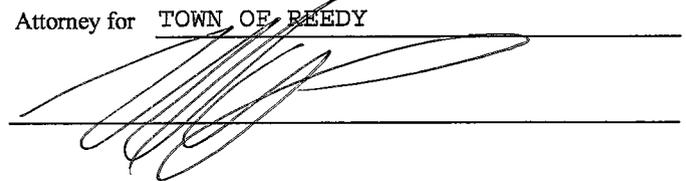
- A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.
- B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.
- C. Exceptions:
 - 1. Errors in indexing in County Clerk's office.
 - 2. Matters relating to survey and/or personal inspection.
 - 3. Rights of others to use the non-exclusive right of way to the tank site and terms and conditions in right of ways to the Town relating to use, maintenance and up keep of right of ways.

Very truly yours,

GOODWIN & GOODWIN, LLP

MICHAEL I. SPIKER

Attorney for TOWN OF REEDY



Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer STOP 7602, 1400 Independence Avenue, S. W., Washington, D. C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

COPY



Goodwin & Goodwin, LLP
300 Summers Street
Suite 1500
Charleston, WV 25301-1678

T (304) 346-7000
F (304) 344-9692

www.goodwingoodwin.com

September 22, 2014

Ms. Sara Rogers, Executive Director
West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, WV 25302

Re: \$86,000 Town of Reedy
Water Revenue Bond, Series 2014

Dear Sara:

Enclosed please find the New Issue Report Form prepared in connection with the above-referenced transaction and sent to you for filing in your office in regard to the same. Upon completion of the transcript, I will deliver a copy to you for your reference. In the meantime, if you have any questions concerning this transaction, please feel free to contact me.

Sincerely yours,

A handwritten signature in black ink that reads "Bill".

William K. Bragg, Jr.

WKB/aks
Enclosure

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue, Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: September 22, 2014

ISSUE: Town of Reedy, Water Revenue Bond, Series 2014
ADDRESS: P.O. Box 57
Reedy, WV 25270 COUNTY: Roane
PURPOSE: New Money X
OF ISSUE: Refunding ___ Refunds issue dated: N/A
ISSUE DATE: September 25, 2014 CLOSING DATE: September 25, 2014
ISSUE AMOUNT: \$86,000 RATE: 2.0%
1ST DEBT SERVICE DUE: October 25, 2014 1ST PRINCIPAL DUE: October 25, 2016
1ST DEBT SERVICE AMT.: \$ _____ * PAYING AGENT: Municipal Bond Comm.**

BOND COUNSEL: Goodwin & Goodwin, LLP LENDER: US Dep't. of Agriculture
Contact Person: W.K. Bragg, Jr. Contact Person: Virginia M. McDonald
Phone: (304) 346-7000 Phone: (304) 372-6231, Ext. 4

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Frank Vannoy
Position: Mayor
Phone: (304) 927-3222

-----DEPOSITS TO MBC AT CLOSE:-----
By ___ Wire ___ Accrued Interest: \$ ___ 0
___ Check ___ Capitalized Interest: \$ ___ 0
___ Reserve Account: \$ _____
___ Other: \$ _____

-----REFUNDS & TRANSFERS BY MBC AT CLOSE:-----
By ___ Wire ___ To Escrow Trustee: \$ ___ N/A
___ Check ___ To Issuer: \$ ___ N/A
___ IGT ___ To Cons. Invest. Fund: \$ ___ N/A
___ Other: \$ _____

Notes: * Subject to actual amount advanced at closing.
** Only if Lender no longer owns the Bond.

Notes: _____
FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS
REQUIRED: _____
TRANSFERS
REQUIRED: _____

**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 3rd day of February 2014.

CASE NO. 13-1848-W-PC

TOWN OF REEDY,

Petition for consent and approval that the painting of the existing water storage tank, and other associated repairs to facilities within Reedy's water system, constitute ordinary repairs and replacements of an existing water system in the usual course of business for which no certificate of convenience and necessity is required under W.Va. Code §24-2-11, and request for expedited treatment.

COMMISSION ORDER

The Commission finds that a proposed project is in the usual course of business and does not require a certificate of convenience and necessity.

BACKGROUND

On December 23, 2013, the Town of Reedy (Reedy) filed its Petition seeking a determination that its proposed project (Project) may be completed in the ordinary course of business, and that it is not necessary to obtain a certificate of convenience and necessity pursuant to W.Va. Code §24-2-11. Reedy proposes to repair, clean, and paint its 100,000 gallon water storage tank, repair the access road to the tank, fence the tank, replace/repair re-chlorination equipment, repair/replace components of its distribution system, and perform other related work. Reedy estimates that its planned work will cost no more than \$330,000. Reedy proposes to fund the project through a grant from the United States Department of Agriculture Rural Development (USDA-RD) in the amount of \$244,000 and a loan from USDA-RS in the amount of \$86,000 at two percent interest over the term of forty years requiring monthly debt service payments in the amount of \$271. Reedy is seeking expedited treatment of its Petition.

On January 23, 2014, Commission Staff filed its Initial and Final Joint Staff Memorandum. Staff noted that (i) Reedy was previously the subject of a request by its purchased water provider that the Commission institute receivership proceedings (Case No. 11-0298-W-PC), (ii) Reedy committed to improve its utility operations and this project is expected to improve service to its existing customers, (iii) funding for its

Project is primarily grant funding, (iv) loan funding is equivalent to only eight percent of gross plant, (v) Reedy can pay the Project debt service without a rate increase, and (vi) the Project does not require complex engineering or an increase in design capacity. In consideration of those factors, Staff recommended that the Commission grant the Petition by determining that the proposed project is in the usual course of business and does not require a certificate of convenience and necessity.

DISCUSSION

W.Va. Code §24-2-11 requires that entities constructing utility facilities obtain a certificate but exempts from this requirement ordinary extensions of existing systems in the usual course of business. In Town of West Hamlin, Case No. 05-0282-W-PW (Commission Order, April 25, 2005), the Commission cited South Putnam Public Service District, Case No. 04-0034-PWD-PC (Recommended Decision, March 17, 2004; Final Order April 6, 2004) for factors in determining whether a project is an ordinary extension:

The Code provision does not define or elaborate as to what constitutes an 'ordinary extension' of an existing system, although it has been construed to mean that construction activities which deal with the in-kind replacement of existing facilities are not subject to the certification process. Historically, Commission Staff has looked at various factors, any of which are subjective, in order to make a determination regarding the need for a certificate. These factors include, but are not limited to, the following: (a) the estimated cost of the project as compared with the annual revenues of the applicant; (b) the level of complexity (engineering or otherwise) of the proposed project; (c) the type of funding proposed for the project; (d) the factors driving the project; (e) the urgency of the project; (f) the experience and competency of the applicant's staff and/or professional consultants; (g) the regulatory history of the applicant; and (h) the potential benefits and risks of the project.

South Putnam at 4.

Although the ratio of the cost of the project to gross plant is not low, (i) this Project is expected to improve service to its existing customers, (ii) funding for the Project is primarily grant funding, (iii) loan funding is equivalent to only eight percent of gross plant, (iv) Reedy can pay the project debt service without a rate increase, and (v) the Project does not require complex engineering or an increase in design capacity. Therefore, the Commission concludes that the Project is in the usual course of business and does not require a certificate of convenience and necessity.

FINDINGS OF FACT

1. Reedy asks that the Commission determine that the Project described in its December 23, 2013 petition does not require a certificate of convenience and necessity.

2. Funding for the Project is primarily grant funding. Loan funding is equivalent to eight percent of gross plant. Reedy can pay the project debt service without a rate increase. The Project does not require complex engineering or an increase in design capacity.

CONCLUSION OF LAW

Based on the findings herein, the Project as described by Reedy constitutes usual course of business and does not require that Reedy file an application for a certificate of convenience and necessity.

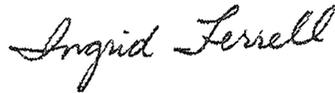
ORDER

IT IS THEREFORE ORDERED that the proposed Project, as described, does not require a certificate of public convenience and necessity.

IT IS FURTHER ORDERED that on entry of this Order this case shall be removed from the Commission docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this Order by electronic service on all parties of record who have filed an e-service agreement, by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Staff by hand delivery.

A True Copy, Teste,



Ingrid Ferrell
Executive Secretary

JJW/slc
131848c.doc

\$86,000
TOWN OF REEDY
WATER REVENUE BOND
SERIES 2014

No. R-1

Date: September 25, 2014

FOR VALUE RECEIVED, the TOWN OF REEDY, a municipal corporation and political subdivision of the State of West Virginia, in Roane County of said State (herein called "Issuer"), hereby promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Eighty-six Thousand and 00/100 Dollars (\$86,000.00), plus interest on the unpaid principal balance at the rate of two and 00/100 percent (2.00%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$271.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Issuer as requested by Issuer and approved by the Government, and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto and made a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to the principal. Payments shall be made at the office of the Municipal Bond Commission, Charleston, West Virginia, and shall be mailed to the registered owner hereof at the address as it appears on the books of the Issuer in its Town as Registrar. Provided, however, for so long as the Government remains the owner of this Bond, the Issuer shall remit payments directly to the Government or any agency or department thereof.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Utilities Service, according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Issuer may, at the option of the Government, be remitted by the Government to the holder

promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond is issued (i) to pay a portion of the costs of acquisition, construction and equipping of certain additions, betterments and improvements to the public water facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The water system of the Issuer, together with the Project, and any further extensions, 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 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer and effective April 3, 2014, as supplemented by a Supplemental Resolution adopted on September 4, 2014 (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bond under the Ordinance.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, from moneys in the Bond Reserve Account created or continued under the Ordinance for the Bonds and unexpended proceeds of the Bond, on parity with the Issuer's Water Revenue Bond, Series 1983 (the "Prior Bond"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Bond Reserve Account and unexpended proceeds of the Bond. Pursuant to the Ordinance, 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 one hundred fifteen percent (115%) of the maximum amount payable in any year for principal of and interest on the Bond and the Prior Bond, and all other obligations secured by a lien on or payable from such net revenues prior to or on parity with the Bond, provided however, that so long as there exists in the Bond Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bond in the then current or any succeeding year and in the reserve account established for any other obligations outstanding prior to or on parity with the Bond, an amount at least equal to the requirement therefor, such percentage may be reduced to one hundred ten percent (110%).

The Issuer has entered into certain further covenants with the registered owner of the Bond for the terms of which reference is made to the Ordinance. Remedies provided the registered owner of the Bond are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Issuer, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

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 Ordinance 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.

If at any time it shall appear to the Government that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government,

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development Authority and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THAT CERTAIN WATER REVENUE BOND, SERIES 1983, OF THE ISSUER DESCRIBED IN AN ORDINANCE ENACTED ON JUNE 2, 1982.

The initial address of Government for purposes of bond registration is 1550 Earl Core Road, Suite 101, Morgantown, WV 26505-7500.

This Bond will be in default should any proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as set forth in Exhibit M of subpart G of Part 1940 of Title 7 of the Code of Federal Regulations, as amended.

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

IN WITNESS WHEREOF, the TOWN OF REEDY has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, all as of the date hereinabove written.

(SEAL)



TOWN OF REEDY

By: Frank Vannoy
Mayor
P.O. Box 57
Reedy, WV 25270

ATTEST:

By: Dei McKenzie
Recorder

RECORD OF ADVANCES

	<u>AMOUNT</u>	<u>DATE</u>		<u>AMOUNT</u>	<u>DATE</u>
(1)	\$24,698.75	9/25/14	(6)	\$	
(2)	\$		(7)	\$	
(3)	\$		(8)	\$	
(4)	\$		(9)	\$	
(5)	\$		(10)	\$	

TOTAL \$ _____

SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer said Bond on the books kept for registration of the within Bond of said Issuer with full power of substitution in the premises.

DATED: _____, 20

SPECIMEN

(Assignor)

Witnessed in the presence of:

TOWN OF REEDY

Water Revenue Bond, Series 1983

BOND ORDINANCE

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09/09/83
REEDY-B

TOWN OF REEDY

ORDINANCE AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF CERTAIN WATER FACILITIES OF THE TOWN OF REEDY, IN ROANE COUNTY, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$118,000 IN PRINCIPAL AMOUNT OF ITS WATER REVENUE BOND, SERIES 1983; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BOND; AND PROVIDING WHEN THE ORDINANCE SHALL TAKE EFFECT

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF REEDY:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for This Ordinance. This Ordinance is adopted pursuant to the provisions of Article 19, Chapter 8 of the West Virginia Code (the "Act") and other applicable provisions of law.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. The Town of Reedy (the "Issuer"), in the County of Roane, State of West Virginia, does not now have a public waterworks system. The inhabitants of the Issuer and surrounding area to be served by the proposed new waterworks urgently require that the new waterworks be constructed and acquired as herein provided.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed a new waterworks system of the Issuer consisting of transmission and distribution lines and a water storage tank with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recording Officer of the Issuer. The construction and acquisition of the Project and the financing hereby

authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bond in the principal amount of \$118,000 to finance a portion of the cost of the Project in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is \$1,029,980 of which \$118,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$133,580 from a West Virginia Community Partnership Grant, \$20,000 from a grant by the County Commission of Roane County, \$758,000 from a grant by the Purchaser, and \$400 from additional funds available to the Town.

E. The cost of the Project shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

G. There are not outstanding any bonds or other obligations of the Issuer which would have priority over or be on a parity with the Bond hereby authorized as to liens and source of and security for payment.

H. The Purchaser is expected by the Issuer to purchase the entire principal amount of the Bond.

I. 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 Bond, or will have so complied prior to issuance of the Bond including, among other things, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired. The rates, charges and rules provided in Article V hereof shall be in full force and effect except as changed by said Public Service Commission, in case of appeal and the time for appeal as to such order shall have expired without appeal being taken therefrom.

Section 1.03. Ordinance to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Purchaser as holder of the Bond.

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

"Act" means Article 19, Chapter 8 of the West Virginia Code.

"Bond" means the \$118,000 Water Revenue Bond, Series 1983, authorized hereby to be issued pursuant to this Ordinance.

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

"Consulting Engineer" means initially VTN, Inc., Orlando, Florida, in connection with preparation of the plans and specifications for the Project, and thereafter means Boyles and Hildreth, Spencer, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Common Council of the Issuer.

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means the person in whose name such Bond is registered.

"Issuer" means Town of Reedy, in Roane County, West Virginia, and includes the Governing Body.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under generally accepted accounting principles and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the then current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Rate Ordinance" means the Ordinance of the Issuer enacted on September 1, 1983, establishing the schedule of rates and changes for the services for facilities of the system.

"Recording Officer" or "Recorder" means the Recorder of the Issuer.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"System" means initially the Project, and includes the complete waterworks system of the Issuer and all waterworks 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 waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Ordinance, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1983," is hereby authorized to be issued in the aggregate principal amount of not exceeding One Hundred Eighteen Thousand Dollars (\$118,000) for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. R-1, only as a fully registered Bond, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five percent (5%) per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 2.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 2.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Issuer.

Whenever the Bond shall be surrendered for a registration of transfer, the Issuer shall execute and deliver a new Bond in authorized denominations, for a like aggregate principal amount. The Issuer shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Issuer with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 2.04. Registrar. The Issuer will keep or cause to be kept at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Issuer shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered, on such books, the transfer of the Bond as hereinbefore provided.

The Issuer shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust.

Section 2.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Mayor and the corporate seal of the Issuer shall be affixed thereto and attested by the Recorder.

Section 2.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.07. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the gross revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of installments of principal and interest on the Bond as the same become due as herein provided.

Section 2.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be

of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any ordinance enacted after the date of enactment hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1983

TOWN OF REEDY

\$118,000

No. R-1

Date: _____

FOR VALUE RECEIVED, THE TOWN OF REEDY (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Eighteen Thousand Dollars (\$118,000), plus interest on the unpaid principal balance at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof and \$580 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, but only

in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Bond Legislation hereinafter described, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions 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, but may only be transferred by transfer of registration hereof with the Issuer.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 19, Chapter 8 of the West Virginia Code (herein called the "Act"), and with an Ordinance of the Borrower duly enacted (the "Bond Legislation").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

TOWN OF REEDY
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Mayor
(Title of Executive Official)

P.O. Box 57
(Post Office Box No. or Street Address)

Reedy, West Virginia 25270
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Recorder
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL		\$	

(Form of)

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

(No writing on this Bond except by the Registrar)

Date of Registration	In Whose Name Registered	Signature of Registrar
_____	_____	_____
_____	_____	_____
_____	_____	_____

ARTICLE III

BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond, shall be deposited on receipt by the Issuer in The Traders Bank, Spencer, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Town of Reedy Project Construction Account" (herein called "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Government on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installment payments on the Bond if there are not sufficient Gross Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America ("Government Obligations"), which shall mature not later than eighteen months after the date of such investment, or may invest such funds otherwise if secured by a pledge of Government Obligations. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

A. REVENUE FUND. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established initially with the Bank named in Section 3.01. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

B. DISPOSITION OF REVENUES. 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 Bond the amounts required to pay the interest on the Bond and to amortize the principal of the Bond over the life of the Bond issue.

(2) The Issuer shall next, by the 15th day of each month, transfer from the Revenue Fund and deposit with said Bank in the Reserve Fund hereby initially established with said Bank, 1/12th of 1/10th 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 \$6,960, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly installments of the principal of and interest on the Bond as the same shall become due or for prepayment of installments, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(3) The Issuer shall next, by the 15th day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve hereby initially established with said Bank a sum equal to 2.5% of the gross revenues of the system collected each month, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$31,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly installments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs, for replacements of equipment and for improvements and extensions for the System, or any part thereof.

(4) The Issuer shall next pay from the moneys in the Revenue Fund all current Operating Expenses.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein may be used to prepay installments of the Bond or for any lawful purpose in connection with the System.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary in this Ordinance notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The said Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in

any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in the same types of investments provided in Section 3.01 for the Project Construction Account and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that the Issuer has obtained at least 164 user agreements, and has collected not less than \$8,200 in tap fees at \$50 each.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the average annual debt service on the Bond, sufficient to make the payments required herein to be made into the Reserve Fund and the Depreciation Reserve, and sufficient to pay all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

A. FIRE, LIGHTNING; VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of

the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

C. VEHICULAR PUBLIC LIABILITY INSURANCE, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

D. WORKMEN'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF THE DISTRICT ELIGIBLE THEREFOR AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

E. FIDELITY BONDS will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially during construction of the Project in the amount of \$200,000 which may be reduced to \$10,000 after construction is completed.

F. Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried

for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 4.06. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment due on the Bond at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.07. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.08. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies

of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten percent (10%); and provided further that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 4.09. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recording Officer on the date of enactment hereof, subject to permitted changes.

Section 4.10. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser.

Section 4.11. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.12. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 4.13. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

4

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The schedule of rates and charges for the services and facilities of the System shall be as set forth in the Rate Ordinance of the Issuer enacted on September 1, 1983, which Ordinance is attached hereto as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

D. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

E. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

F. No allowance or adjustment in any bill for use of the services and facilities of the System shall be made for any leakage occurring on the customer's side of the water meter.

G. The Issuer shall not be liable to any customer for any damage resulting from bursting or breakage of any pipe, line, main, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatever.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. No material modification or amendment of this Bond Legislation, or of any Bond Legislation amendatory hereof or supplemental hereto, may be made without the consent in writing of the Purchaser.

Section 6.02. Delivery of Bond No. 1. The Mayor is hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.03. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.05. 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.

Section 6.06. Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 6.07. 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 to the contents hereof, shall be published once a week for two successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in the Roane County Reporter, a newspaper published and of general circulation in the County of Roane, there being no newspaper published within the

boundaries of the Issuer, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of the said Bond Legislation and notice, and present protests. 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 - September 12, 1983

Passed on Second Reading - September 19, 1983

[SEAL]



Mayor

Effective following public hearing held on October 4, 1983.

ATTEST:

By 

Recorder

10/03/83
REEDY-A

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 22nd day of JUNE,
19 82, between the CITY OF SPENCER, a Corporation.

207 Court Street, Spencer, WV 25276

(Address)

hereinafter referred to as the "Seller" and the TOWN OF REEDY, a Corporation

Reedy, WV 25270

(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 8, Article 2 of the
Code of West Virginia of 1931, as amended, for the purpose of constructing and operating a water supply distribution
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish
this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the
present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by a Resolution ~~XXXXXXXXXXXX~~ enacted on the _____ day
of _____, 19 82, by the Seller, the sale of water to the Purchaser in accordance
with the provisions of the said Resolution was approved, and the execution of this contract

carrying out the said Resolution by the Mayor,
and attested by the ~~Secretary~~ Recorder, was duly authorized, and

Whereas, by a Resolution ~~of the~~
of the Purchaser, enacted on the _____ day of _____, 19 82,

the purchase of water from the Seller in accordance with the terms set forth in the said Resolution
was approved, and the execution of this contract by the Mayor, and
attested by the ~~Secretary~~ Recorder was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of
this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Health
Department of the State of West Virginia

in such quantity as may be required by the Purchaser ~~not to exceed XXXXXXXXXXXXXXX gallons per month.~~

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at _____ from an existing eight inch main supply at a point located _____

Barrs-Cut

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate

shall be corrected for the six months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read on 12th day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the first day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the tenth day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ 3.60 for the first 2,000 gallons, which amount shall also be the minimum rate per month.
- b. \$ 3.50 cents per 1000 gallons for water in excess of 2,000 gallons but less than 5,000 gallons.
- c. \$ 3.40 cents per 1000 gallons for water in excess of 5,000 gallons, but not to exceed 10,000 gallons.
- d. \$3.20 per 1,000 gallons for water in excess of 10,000 gallons, but not to exceed 15,000 gallons.
- e. Next 5,000 gallons \$2.90 per 1,000 gallons.
- f. Next 10,000 gallons \$1.90 per 1,000 gallons.
- g. All over 30,000 gallons shall be at \$1.15 per 1,000 gallons and otherwise as provided by the booster rate of the City of Spencer and subject to any rate increase approved by the City of Spencer and not disallowed by the West Virginia Public Service Commission.

~~2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of _____ dollars which shall cover any and all costs of the Seller for installation of the metering equipment and _____~~

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ _____ at the above rate to be metered or established by seller and contractor. which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the ~~XXXXXX~~ then approved rate of seller. ~~XXXXXX~~. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three counterparts, each of which shall constitute an original.

Seller:

THE CITY OF SPENCER

By *Tony A. Jellison*

Title MAYOR

Attest:

Charles R. Mace
~~Secretary~~ RECORDER

Purchaser:

THE TOWN OF REEDY

By *Frank W. Brown*

Title MAYOR

Attest:

Burnette P. Paine
Secretary RECORDER

This contract is approved on behalf of the Farmers Home Administration this 20TH day of JULY, 19 82.

By *David E. Satterfield*
Title ENGINEER



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
3/17/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER City Insurance Professionals P. O. Box 1126 Charleston WV 25324	CONTACT NAME: Bobby Pauley	FAX (A/C. No.): (304) 926-7439	
	PHONE (A/C. No. Ext.): (304) 926-7405	E-MAIL ADDRESS: Bobby.Pauley@cityinsure.org	
INSURED Town of Reedy 118 Main Street Reedy WV 25270	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: Travelers Property Casualty		
	INSURER B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		

COVERAGES CERTIFICATE NUMBER: 3/21/14 - 15 WC REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDITIONAL INSURER	SUBROGATION	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/POP AGG \$
	GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y/N <input type="checkbox"/>	N/A 6JUB-4577P86-A-14	3/21/2014	3/21/2015	<input checked="" type="checkbox"/> WC STATUTORY LIMITS OTHER E.L. EACH ACCIDENT \$ 100,000 E.L. DISEASE - EA EMPLOYEE \$ 100,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER Evidence of Insurance	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Bobby Pauley/BRP <i>Bobby R. Pauley</i>

CERTIFICATE OF LIABILITY INSURANCE

ADDITIONAL INSURED: TOWN OF REEDY
118 MAIN STREET
REEDY WV 25270-0057

CERTIFICATE NO: L 0641 - Oct 1, 1988

This certifies that the insured named above is an Additional Insured for the Coverage indicated below under General Liability Policy GL 7266931 and Automobile Policy CA 3219471 issued to the State of West Virginia by NATIONAL UNION FIRE INSURANCE CO. OF PITTSBURGH, PA.

COVERAGE PERIOD: Jul 1, 2014 to Jul 1, 2015 12:01 a.m. Eastern Time

COVERAGE AFFORDED: Comprehensive General Liability Insurance
Personal Injury Liability Insurance
Professional Liability Insurance
Stop Gap Liability Insurance
Wrongful Act Liability Coverage
Comprehensive Auto Liability Coverage
Auto Physical Damage Insurance
Garagekeepers Insurance

LIMIT OF LIABILITY: \$1,000,000 each occurrence* and is SUBJECT TO \$2,500 DEDUCTIBLE. *For all coverages combined.
This limit is not increased if a claim is insured under more than one coverage or if claim is made against more than one insured.

SPECIAL LIMITS: The auto physical damage limit is the actual cash value of each vehicle subject to a deductible of \$1,000.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W. Suite 203
South Charleston, West Virginia 25303

Claims Made Prior Acts Date: October 1, 1988

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS IN THE POLICIES. IT IS A CONDITION PRECEDENT OF COVERAGE UNDER THE POLICIES THAT THE ADDITIONAL INSURED DOES NOT WAIVE ANY STATUTORY OR COMMON LAW IMMUNITY CONFERRED UPON IT.

BY:  **DATED:** June 25, 2014
AUTHORIZED REPRESENTATIVE

AGENT OF RECORD: HARDEN INSURANCE AGENCY INC

PO BOX 580
SPENCER WV 25276

RECEIVED JUL 07 2014

CERTIFICATE OF PROPERTY INSURANCE

INSURED: TOWN OF REEDY
118 MAIN STREET
REEDY WV 25270-0057

CERTIFICATE NO: P 0641 - Oct 1, 1988

This certifies that the Additional Insured named above is insured for first party Property Coverages procured and/or administered by the West Virginia Board of Risk and Insurance Management (BRIM). The coverages are provided through a combination of custom designed and conventional commercial insurance products.

THE INSURANCE EVIDENCED BY THIS CERTIFICATE IS SUBJECT TO ALL OF THE TERMS, CONDITIONS, EXCLUSIONS AND DEFINITIONS CONTAINED IN THE POLICIES.

COVERAGE PERIOD: Jul 1, 2014 to Jul 1, 2015 12:01 a.m. Eastern Time

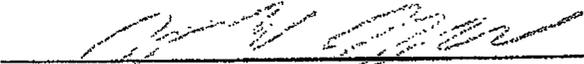
LIMIT OF LIABILITY: Stated values, for real and personal property, which have been declared to and accepted by BRIM, not to exceed the maximum coverage procured by BRIM.

THIS POLICY DOES NOT COVER DAMAGE FROM FLOOD.
FOR INFORMATION ABOUT FLOOD INSURANCE, CONTACT THE NATIONAL FLOOD INSURANCE PROGRAM OR YOUR INSURANCE AGENT.

SPECIAL LIMITS: Each policy shall be governed by the special limits of liability contained therein.

DEDUCTIBLE: The State of West Virginia has a \$1,000,000.00 deductible on coverages it procures. The above listed insured has a \$2,500 deductible that is applicable to each loss.

CLAIM REPORTING: Claims should be reported to:
Claim Manager
West Virginia Board of Risk & Insurance Management
90 MacCorkle Avenue S.W. Suite 203
South Charleston, West Virginia 25303

BY: 
AUTHORIZED REPRESENTATIVE

DATED: June 25, 2014

AGENT OF RECORD: HARDEN INSURANCE AGENCY INC

PO BOX 580
SPENCER WV 25276

RECEIVED JUL 07 2014

CHAPTER 8. MUNICIPAL CORPORATIONS.**ARTICLE 19. MUNICIPAL AND COUNTY WATERWORKS AND ELECTRIC POWER SYSTEMS.****PART I. MUNICIPAL AND COUNTY WATERWORKS AND ELECTRIC POWER SYSTEMS AUTHORIZED; DEFINITION.****§8-19-1. Acquisition and operation of municipal and county waterworks and electric power systems; construction of improvements to municipal and county electric power systems; extension beyond corporate limits; definitions.**

(a) Subject to and in accordance with the provisions of this article, any municipality or county commission may acquire, construct, establish, extend, equip, repair, maintain and operate, or lease to others for operation, a waterworks system or an electric power system or construct, maintain and operate additions, betterments and improvements to an existing waterworks system or an existing electric power system, notwithstanding any provision or limitation to the contrary in any other law or charter: *Provided*, That such municipality or county commission shall not serve or supply water facilities or electric power facilities or services within the corporate limits of any other municipality or county commission without the consent of the governing body of such other municipality or county commission.

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

(c) As used in this article:

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

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

PART II. LIMITATIONS ON SALE OR LEASE OF CERTAIN MUNICIPAL WATERWORKS.**§8-19-2. Contracts for purchase of electric power or energy by a municipality; definitions; requirements; payments; rates and charges.**

(a) For the purposes of this section:

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

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

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

(b) In addition to the general authority to purchase electricity on a wholesale basis for resale to its customers, any municipality that owns and operates an electric power system under the provisions of this article may enter into a contract with any other party for the purchase of electricity from one or more projects located in the United States that provide that the contracting municipality is obligated to make payments required by the contract whether or not a project is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of a project or the power and energy contracted for and that the payments shall not be subject to any reduction, whether by offset or otherwise, and shall not be conditioned upon performance or nonperformance by any other party. The contract may provide that, in the event of a default by the municipality or any other party to the contract in the performance of each entities' obligations under the contract, any nondefaulting municipality or any other party to the contract shall on a pro rata basis succeed to the rights and interests of, and assume the obligations of, the defaulting party.

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

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

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

PART III. RIGHT OF EMINENT DOMAIN.

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

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

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

PART IV. REVENUE BOND FINANCING.

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

Whenever a municipality or county commission shall, under the provisions of this article, determine to acquire, by purchase or otherwise, construct, establish, extend or equip a waterworks system or an electric power system, or to construct any additions, betterments or improvements to any waterworks or electric power system, it shall cause an estimate to be made of the cost thereof, and may, by ordinance or order, provide for the issuance of revenue bonds under the provisions of this article, which ordinance or order shall set forth a brief description of the contemplated undertaking, the estimated cost thereof, the amount, rate or rates of interest, the time and place of payment, and other details in connection with the issuance of the bonds. Such bonds shall be in such form and shall be negotiated and sold in such manner and upon such terms as the governing body of such municipality or county commission may by ordinance or order specify. All such bonds and the interest thereon shall be exempt from all taxation by this state, or any county, municipality or county commission, political subdivision or agency thereof. Notwithstanding any other provision of this code to the contrary, the real and personal property which a municipality or county has acquired and constructed according to the provisions of this article, and any leasehold interest therein held by other persons, shall be deemed public property and shall be exempt from taxation by the state, or any county, municipality or other levying body, so long as the same is owned by such municipality or county: *Provided*, That with respect to electric power systems, this exemption for real and personal property shall be applicable only for such real and personal property (1) physically situate within the municipal or county boundaries of the municipality or county which acquired or constructed such electric power system and there was in place prior to the effective date of the amendments to this section made in the year one thousand nine hundred ninety-two an agreement between the municipality and the county commission for payments in lieu of tax, or (2) acquired or constructed with the written agreement of the county school board, county commission and any municipal authority within whose jurisdiction the electric power system is or is to be physically situate. Notwithstanding anything contained in this statute to the contrary, this exemption shall be applicable to any leasehold or similar interest held by persons other than a municipality or county only if acquired or constructed with the written agreement of the county school board, county commission and any municipal authority within whose jurisdiction the electric power system is or is to be physically situate: *Provided, however*, That payments made to any county commission, county school board or municipality in lieu of tax pursuant to such an agreement shall be distributed as if the payments resulted from ad valorem property taxation. Such bonds shall bear interest at a rate per annum set by the municipality or county commission, payable at such times, and shall be payable as to principal at such times, not exceeding fifty years from their date, and at such place or places, within or without the state, as shall be prescribed in the ordinance or order providing for their issuance. Unless the governing body of the municipality or county commission shall otherwise determine, such ordinance or order shall also declare that a statutory mortgage lien shall exist upon the property so to be acquired, constructed, established, extended or equipped, fix minimum rates or charges for water or electricity to be collected prior to the payment of all of said bonds and shall pledge the revenues derived from the waterworks or electric power system for the purpose of paying such bonds and interest thereon, which pledge shall definitely fix and determine the amount of revenues which shall be necessary to be set apart and applied to the payment of the principal of and interest upon the bonds and the proportion of the balance of such revenues, which are to be set aside as a proper and adequate depreciation account, and the remainder shall be set aside for the reasonable and proper maintenance and operation thereof. The rates or charges to be charged for the services from such waterworks or electric power system shall be sufficient at all times to provide for the payment of interest upon all bonds and to create a sinking fund to pay the principal thereof as and when the same become due, and reasonable reserves therefor, and to provide for the repair, maintenance and operation of the waterworks or electric power system, and to provide an adequate depreciation fund, and to make any other payments which shall be required or provided for in the ordinance or order authorizing the issuance of said bonds.

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

After the ordinance or order for any project under this article has been adopted, an abstract of the ordinance or order, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance or order, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be the

municipality or county. The notice to be published with said abstract of the ordinance or order shall state that said ordinance or order has been adopted, that the municipality or county commission contemplates the issuance of the bonds described in the ordinance or order, that any person interested may appear before the governing body, upon a certain date, which shall be not less than ten days subsequent to the date of the first publication of such abstract and notice and which shall not be prior to the date of the last publication by such abstract and notice, and present protests, and that a certified copy of the ordinance or order is on file with the governing body for review by interested parties during the office hours of the governing body. At such hearing all protests and suggestions shall be heard and the governing body shall take such action as it considers proper in the premises: *Provided*, That if at such hearing written protest is filed by thirty percent or more of the freeholders of the municipality or county, then the governing body of said municipality or county shall not take further action unless four fifths of the qualified members of said governing body assent thereto.

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

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

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

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

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

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

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

§8-19-9. Covenants with bondholders.

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

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

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

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

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

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

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

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

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

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

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

§8-19-10. Operating contract.

Any such municipality or county commission may enter into contracts or agreements with any persons for (1) the repair,

maintenance and operation and management of the facilities and properties of said waterworks or electric power system, or any part thereof, or (2) the collection and disbursement of the income and revenues therefor, or for both (1) and (2), for such period of time and under such terms and conditions as shall be agreed upon between such municipality or county commission and such persons. Any such municipality or county commission shall have plenary power and authority to provide in the ordinance or order authorizing the issuance of bonds hereunder, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the municipality and county commission as long as any of said bonds, or interest thereon, is outstanding and unpaid.

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

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

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

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

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

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

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

(a)(1) Whenever any rates and charges for water services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided, shall be delinquent and the owner, user and property shall be held liable at law until such time as all such rates and charges are fully paid. When a payment has become delinquent, the municipality may utilize any funds held as a

security deposit to satisfy the delinquent payment. All new applicants for service shall indicate to the municipality or governing body whether they are an owner or tenant with respect to the service location.

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

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

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

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

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

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

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

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

power system: *Provided*, That nothing in this article shall be construed as authorizing any municipality or county commission to impair or commit a breach of the obligation of any valid lien or contract created or entered into by it, the intention being to authorize the pledging, setting aside and segregation of such revenues for the construction of such additions, betterments or improvements only where and to the extent consistent with outstanding obligations of such municipality or county commission, and in accordance with the provisions of this article.

§8-19-15. System of accounts; audit.

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

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

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section eight of this article, protect and enforce any and all rights granted hereunder or under any such ordinance, order or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any such ordinance, order or trust indenture to be performed by the municipality or county commission, or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates or charges for services rendered by the waterworks or electric power system. If there be default in the payment of the principal or interest upon any of such bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer said waterworks or electric power system on behalf of the municipality or county commission, and the bondholders or trustee, or both, with power to charge and collect rates or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and such receiver shall apply the revenues in conformity with the provisions of this article and the ordinance or order pursuant to which such bonds have been issued or any trust indenture, or both.

**PART V. GRANTS, LOANS, ADVANCES AND AGREEMENTS;
CUMULATIVE AUTHORITY.**

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

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

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

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

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

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

PART VI. OPERATION BY BOARD; CONSTRUCTION.**§8-19-19. Alternative procedure for acquisition, construction or improvement of waterworks or electric power system.**

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

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

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

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

Considering the importance of public fire protection, any state or local government, public service district, public or private utility which installs or constructs water mains, shall ensure that all new mains specifically intended to provide fire protection are not less than six inches in diameter. Effective the first day of July, two thousand seven, when any state or local government, public service district, public or private utility installs or constructs water mains along a platted roadway or a public highway, using a six inch or greater line, that is specifically designed to provide fire protection, the state or local government, public service district, public or private utility shall install fire hydrants at intervals of not more than two thousand feet, unless there are no dwellings or businesses located one thousand feet from such proposed hydrant: *Provided*, That the Legislature shall study the effect, cost and feasibility of the internal hydrant valve and report the findings of that study to the regular session of the Legislature in the year two thousand and eight. A permit or other written approval shall be obtained from the Department of Health and Human Resources for each hydrant or group of hydrants installed in compliance with section nine, article one, chapter sixteen of the West Virginia Code as amended: *Provided, however*, That all newly constructed water distribution systems transferred to a public or private utility shall have mains at least six inches in diameter where fire flows are required by the public or private utility: *Provided further*, That the utility providing service has sufficient hydraulic capacity as determined by the Department of Health and Human Resources.

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

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

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

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

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

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

Note: WV Code updated with legislation passed through the 2013 1st Special Session

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