TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

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TOWN OF REEDSVILLE
SEWER REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA SRF PROGRAM); AND
SEWER REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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TOWN OF REEDSVILLE

ORDINANCE AUTHORIZING THE PAYMENT OF THE SERIES 2009 A BONDS AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF REEDSVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF REEDSVILLE OF NOT MORE THAN $2,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $1,500,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING BOND PURCHASE AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of pipeline replacement, pump station improvements and certain improvements to connections, together with all appurtenant facilities (collectively, the "Project"), which

constitutes properties for the collection, transportation, treatment, purification, or disposal of liquid or solid wastes, residential sewage or industrial waste (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer has heretofore temporarily financed the design and other preliminary costs of the Project by the issuance of the Sewerage System Design Revenue Bonds, Series 2009 A, (West Virginia Water Development Authority), dated May 21, 2009 issued in the original aggregate principal amount of $382,000 (the "Series 2009 A Bonds").

D. The Series 2009 A Bonds were issued pursuant to an Ordinance of the Issuer previously enacted for such purpose (such resolution, as amended and supplemented is herein called the "Series 2009 A Bonds Resolution").

E. It is deemed necessary and desirable for the Issuer to pay the Series 2009 A Bonds.

F. The Issuer intends to pay the Series 2009 Bonds and permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), all pursuant to the Act.

G. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the total aggregate principal amount of not more than $3,500,000_ in two or more series, initially planned to be (i) the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), in the aggregate principal amount of not more than $2,000,000 (the "Series 2012 A Bonds"); and (ii) the Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), in the aggregate principal amount of not more than $1,500,000 (the "Series 2012 B Bonds") (collectively, the "Series 2012 Bonds"), to pay the Series 2009 Bonds and permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the Act; interest, if any, upon the Series 2012 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined) for the Series 2012 Bonds; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design, acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2012 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

I. It is in the best interests of the Issuer that its Series 2012 A Bonds be sold to the Authority pursuant to the terms and provisions of a Bond Purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and its Series 2012 B Bonds be sold to the Authority pursuant to the terms and provisions of a Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, all in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

J. Upon payment of the Series 2009 A Bonds, the Issuer will have outstanding its Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), dated August 22, 2001, issued in the original aggregate principal amount of $450,000 (the "Series 2001 Bonds" or the "Prior Bonds").

The Series 2012 Bonds shall be issued on a parity with the Prior Bonds. Prior to the issuance of the Series 2012 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2012 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

K. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Issuer's Prior Bonds, and the Series 2012 Bonds and to make payments into all funds and accounts and other payments provided for herein.

L. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement (hereinafter defined) relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2012 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia.

M. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Governing Body to issue the Series 2012 Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2012 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2012 Bonds, all

which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2012 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

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

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2012 Bonds from the Issuer by the Authority, the form of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

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

"Bonds" means, collectively, the Series 2012 Bonds and the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Clerk", means the Town Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2012 Bonds for all or a portion of the proceeds of the Series 2012 Bonds from the Authority and the DEP.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

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

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

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

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the costs of design, acquisition and construction of the Project as described in Section 1.02B hereof.

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the state that succeeds to the functions of the DEP.

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

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

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

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

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Gross Revenues" means 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.

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

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

"Issuer" means the Town of Reedsville, a municipal corporation and political subdivision of the State of West Virginia, in Preston 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 Series 2012 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2012 A Bonds Reserve Account or the Series 2012 B Bonds Reserve Account.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"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, the SRF Administrative Fee (as hereinafter defined), 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 recognized accounting practices.

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means the Series 2001 Bonds.

"Prior Ordinance" means the ordinance of the Issuer authorizing the issuance of the Prior Bonds.

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

"Qualified Investments" means and includes 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 or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above or fully insured by the FDIC, with member banks of the Federal Reserve system or 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, including, without limitation, authorized pools of investments operated by such State Board of Investments; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, 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 or Bonds, the person in whose name such Bond is registered.

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 2012 Bonds.

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

"Revenue Fund" means the Revenue Fund established by the Prior Ordinance and continued hereby.

"Series 2001 Bonds" means the Issuer's Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), dated August 22, 2001, issued in the original aggregate principal amount of $450,000.

"Series 2009 A Bonds" means the Issuer's Sewerage System Design Revenue Bonds, Series 2009 A (West Virginia Water Development Authority), dated May 21, 2009, issued in the original aggregate principal amount of $382,000.

"Series 2012 A Bonds" means the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 2012 A Bonds Reserve Account" means the Series 2012 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2012 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2012 A Bonds in the then current or any succeeding year.

"Series 2012 A Bonds Sinking Fund" means the Series 2012 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2012 B Bonds" means the Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 2012 Bonds" means, collectively, the Series 2012 A Bonds and the Series 2012 B Bonds.

"Series 2012 Bonds Construction Trust Fund" means the Series 2012 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2012 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Bond Purchase Agreement for the Series 2012 Bonds.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2012 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2012 Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means the complete existing public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND AUTHORIZATION OF PAYMENT OF THE SERIES 2009 A BONDS

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost not to exceed $5,000,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2012 A Bonds and the Series 2012 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids or will receive and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed $3,423,700, of which up to $2,000,000 will be obtained from proceeds of the Series 2012 A Bonds; up to $1,500,000 will be obtained from proceeds of the Series 2012 B Bonds; and up to $1,500,000 will be obtained from an Infrastructure Council Grant.

Section 2.02. Authorization of Payment of Series 2009 A Bonds. There is hereby authorized and ordered the payment in full of the entire outstanding principal of and the interest on the Series 2009 A Bonds on the Closing Date from the proceeds of the Series 2012 Bonds. Upon payment of the Series 2009 A Bonds, any funds pledged in favor of the holders of the Series 2009 A Bonds imposed by the Prior Ordinance are hereby ordered terminated, discharged and released.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2012 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2012 Bonds of the Issuer. The Series 2012 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program)", in the principal amount of not more than $2,000,000, and "Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program)", in the principal amount of not more than $1,500,000, and all shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 Bonds remaining after funding of the Reserve

Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2012 Bonds Construction Trust Funds established by Section 5.01 hereof.

Section 3.02. Terms of Bonds.

A. The Series 2012 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2012 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2012 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2012 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2012 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

B. The Series 2012 B Bonds shall be issued in such principal amount; shall not bear interest; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2012 B Bonds shall be forgivable as to principal.

Unless otherwise provided by the Supplemental Resolution, the Series 2012 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2012 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2012 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2012 Bonds shall cease to be such officer of the Issuer before the Series 2012 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2012 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2012 Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2012 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2012 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2012 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2012 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2012 Bonds are exercised, all Series 2012 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2012 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2012 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to

make any such exchange or transfer of any Series 2012 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2012 Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2012 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2012 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2012 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2012 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2012 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2012 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Bond Purchase Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2012 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2012 Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2012 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF REEDSVILLE
SEWER REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on the ___ day of _____, 2012, TOWN OF REEDSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, to and including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee of 0.50% (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing _____ 1, 20___, as set forth on Exhibit B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority, and the DEP, dated _____, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) to pay the Series 2009 A Bonds; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2012, and a Supplemental Resolution duly adopted by the Issuer on _____, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions

thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 22, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $450,000 (THE "SERIES 2001 BONDS" OR THE "PRIOR BONDS"); AND (II) THE SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM), DATED _____, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____, (THE "SERIES 2012 B BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and the Series 2012 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2012 A Bonds (the "Series 2012 A Bonds Reserve Account"), and unexpended proceeds of the Series 2012 A Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Series 2012 A Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Series 2012 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 A Bonds including the Series 2012 B Bonds and the Prior Bonds; provided however, that, so long as there exists in the Series 2012 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2012 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Bonds, including the Series 2012 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation) by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the TOWN OF REEDSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2012.

_____
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

(FORM OF SERIES 2012 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF REEDSVILLE
SEWER REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on the ___ day of _____, 2012, the TOWN OF REEDSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, to and including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The Series 2012 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are forgivable quarterly as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority, and the DEP, dated _____, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2012, and a Supplemental Resolution duly adopted by the Issuer on _____, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled

to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 22, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $450,000 (THE "SERIES 2001 BONDS" OR THE "PRIOR BONDS"); AND (II) SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM), DATED _____, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2012 A BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and the Series 2012 A Bonds, and unexpended proceeds of the Series 2012 B Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, and unexpended proceeds of the Series 2012 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Series 2012 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 B Bonds including the Series 2012 A Bonds and the Prior Bonds; provided however, that, so long as the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Bonds, including the Series 2012 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation) by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the TOWN OF REEDSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2012.

_____
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2012 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement in the forms attached hereto as "EXHIBIT A" and made a part hereof, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated in this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule for the Series 2012 Bonds, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinance) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

(1) Revenue Fund (established by Prior Ordinance and continued hereby);

(2) Renewal and Replacement Fund (established by Prior Ordinance and continued hereby); and

(3) Series 2012 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by Prior Ordinance) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 2001 Bonds Reserve Account (established by Prior Ordinance and continued hereby);

(2) Series 2012 A Bonds Sinking Fund; and

(3) Series 2012 A Bonds Reserve Account

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinance and in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance and in this Bond Legislation. All monies in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office the amount required by Prior Ordinance to pay interest on the Prior Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amount required by the Prior Ordinance for payment of principal of the Prior Bonds; and (ii) to the Commission commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2012 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amount required by the Prior Ordinance for deposit in the Reserve Account for the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, if not fully funded upon issuance of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2012 A Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank (as required in the Prior Ordinance and not in addition thereto), for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross

Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Monies in the Series 2012 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2012 A Bonds, respectively, as the same shall become due. Monies in the Series 2012 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2012 A Bonds, respectively, as the same shall come due, when other monies in the Series 2012 A Bonds Sinking are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2012 Bonds Construction Trust Fund, and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2012 A Bonds, if any, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2012 A Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2012 A Bonds Reserve Requirement thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2012 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2012 A Bonds Sinking Fund, or the Series 2012 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2012 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue, if any, until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2012 A Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account, created hereunder,

and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2012 A Bonds under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2012 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Bond Purchase Agreement for the Series 2012 Bonds.

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Bond Purchase Agreement and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as herein above provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of

curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies on a parity and pro rata with respect to the Series 2012 Bonds and the Prior Bonds all in accordance with the respective principal amounts outstanding before being applied to any other payments hereunder.

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

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

J. All Tap Fees shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2012 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2012 A Bonds, there shall first be deposited with the Commission in the Series 2012 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2012 A Bonds, there shall be deposited with the Commission in the Series 2012 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2012 A Bonds Reserve Account.

C. Next, from the proceeds of the Series 2012 A Bonds, there shall be deposited with the Commission the amount, set forth in the Supplemental Resolution to pay in full the outstanding principal of and interest on the Series 2009 A Bonds on the Closing Date.

D. As the Issuer receives advances of the monies derived from the sale of the Series 2012 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2012 A Bonds.

E. As the Issuer receives advances of the monies derived from the sale of the Series 2012 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set

forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2012 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2012 A Bonds and Series 2012 B Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements of Bond Proceeds. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2012 Bonds 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. Invoices for which repayment from the Series 2012 Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2012 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement, in compliance with the construction schedule.

Pending such application, monies in the Series 2012 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2012 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2012 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2012 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2012 Bonds issued hereunder shall be secured equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the

Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted May 9, 2011 as amended by Recommended Decision dated October 5, 2011 which became Final Order on October 25, 2011 in Case No. 11-0764-S-MA of the Public Service Commission of West Virginia, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2012 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2012 Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, lease, mortgage or in any manner dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance and with the written consent of the Authority.

So long as the Series 2012 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2012 A Bonds Sinking Fund with respect to the principal amount then Outstanding, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2012 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the

operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine, upon consultation with a professional engineer, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in the Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2012 Bonds. All obligations issued by the Issuer after the issuance of the Series 2012 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2012 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2012 Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2012 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the DEP prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

No such additional Parity Bonds shall be issued except for the purposes of financing the costs of the design, acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, or to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 2001 Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness

So long as the Series 2012 Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

(3) The additional Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which has expired (without successful appeal) prior to the issuance of such Parity Bonds.

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such revenues, with the Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of designing, acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they 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 Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be

made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2012 Bonds and shall mail in each year to any Holder or Holders of the Series 2012 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2012 Bonds and shall submit the report to the Authority and the DEP or any other original purchaser of the Series 2012 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the Bond Purchase Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Bond Purchase Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in the Bond Purchase Agreement for the Series 2012 Bonds or any Exhibit thereto or as promulgated from time to time.

The Issuer shall permit the Authority or the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2012 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to meet the coverage requirements set forth in the Prior Ordinance so long as the Prior Bonds are outstanding and thereafter, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2012 Bonds including the Prior Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2012 Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2012 Bonds.

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

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the

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

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Bond Purchase Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement for the Series 2012 Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

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

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm,

corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, 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. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds.

A. The Issuer hereby covenants and agrees that so long as the Series 2012 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

to the extent available against the risks and hazards of war. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Bond Purchase Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the amount of any construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP. In the event the Bond Purchase Agreement so requires, such insurance shall be made payable to the order of the Authority, the DEP, the Issuer, the prime contractor and all subcontractors, as their interests may appear. The Issuer shall verify such insurance prior to commencement of construction.

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

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the acquisition and construction of the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2012 Bonds required by State law, with all requisite appeal periods having expired without successful appeal, except as otherwise provided in Section 1.02(I) and the Issuer shall provide an opinion of counsel to such effect.

Section 7.18. Compliance with the Bond Purchase Agreement and the Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia in the manner prescribed by and the guidelines established by the Authority and the PSC.

Section 7.19. [RESERVED]

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

Section 7.21. Contracts; Change Orders; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2012 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2012 Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2012 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the

Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2012 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2012 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2012 Bonds as a condition to issuance of the Series 2012 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2012 Bonds as may be necessary in order to maintain the status of the Series 2012 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2012 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2012 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2012 Bonds and, at any time, any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2012 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions relating to the Series 2012 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2012 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinance.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner or Holder of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners or Bondholders including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners or Bondholders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2012 Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby

established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 2012 A Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2012 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2012 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2012 A Bonds from gross income for federal income tax purposes.

Section 10.02. Payment of Series 2012 B Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of all of the Series 2012 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2012 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2012 B Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2012 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2012 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2012 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2012 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2012 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2012 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2012 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinance. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance

and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the 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 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in *Preston County Journal*, a newspaper of general circulation in the Town of Reedsville, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2012 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Passed on First Reading: December 12, 2011

Passed on Second Reading: January 9, 2012

Passed on Final Reading
Following Public Hearing: February 13, 2012

James B. Wagner

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of the TOWN OF REEDSVILLE on the 13th day of February, 2012.

Dated: March 15, 2012.

[SEAL]

Clerk

Recorder

5888468

EXHIBIT A

Bond Purchase Agreement included in bond transcript as Documents 3

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM) OF THE TOWN OF REEDSVILLE; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town council (the "Governing Body") of the Town of Reedsville (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective February 13, 2012 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE PAYMENT OF THE SERIES 2009 A BONDS AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF REEDSVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF REEDSVILLE OF NOT MORE THAN $2,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $1,500,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING BOND PURCHASE AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS

AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) in an aggregate principal amount not to exceed $2,000,000 (the "Series 2012 A Bonds") and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program) in an aggregate principal amount not to exceed $1,500,000 (the "Series 2012 B Bonds") (collectively, the "Series 2012 Bonds");

WHEREAS, the Bond Ordinance has authorized the execution and delivery of a Bond Purchase Agreement relating to the Series 2012 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Bond Purchase Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2012 Bonds should be established by a supplemental resolution pertaining to the Series 2012 Bonds; and that other matters relating to the Series 2012 Bonds be herein provided for;

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

WHEREAS, the Series 2012 A Bonds and the Series 2012 B Bonds are proposed to be purchased by the Authority pursuant to the Bond Purchase Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2012 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2012 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF REEDSVILLE:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original aggregate principal amount of $1,770,000. The Series 2012 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2052 and shall bear no interest. The principal of the Series 2012 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1,

2014, to and including March 1, 2052, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement for the Series 2012 A Bonds and incorporated in and made a part of the Series 2012 A Bonds. The Series 2012 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Series 2012 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2012 A Bonds set forth in "Schedule Y" attached to the Bond Purchase Agreement.

B. Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the original aggregate principal amount of $1,000,000. The Series 2012 B Bonds shall be dated the date of delivery thereof and shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer outstanding after the last advance is forgiven. The Series 2012 B Bonds are not subject to the SRF Administrative Fee.

Section 2. All other provisions relating to the Series 2012 Bonds and the text of each series of the Series 2012 Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Bond Purchase Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Bond Purchase Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Bond Purchase Agreement and in the applications to the DEP and the Authority. The price of the Series 2012 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2012 Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank of Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2012 Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2012 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2012 Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate Clear Mountain Bank, Reedsville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2012 A Bond proceeds in the amount of $-0- shall be deposited in the Series 2012 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2012 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2012 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2012 A Bonds and the Series 2012 B Bonds shall be deposited in or credited to the Series 2012 Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2012 Bonds and related costs.

Section 10. Proceeds of a West Virginia Infrastructure and Jobs Development Grant in the amount of $302,669.38 will be deposited with the Commission to pay the Series 2009 A Bonds.

Section 11. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2012 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2012 Bonds may be delivered on or about March 15, 2012, to the Authority pursuant to the Bond Purchase Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2012 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 14. The Issuer does hereby approve and accept the rates and charges set forth in the sewer rate ordinance enacted May 9, 2011 as amended by Recommended Decision dated October 5, 2011 of the Public Service Commission of West Virginia in Case No. 11-0764-S-MA.

Section 15. The Issuer does hereby approve and accept the Special Conditions attached hereto as Exhibit A.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

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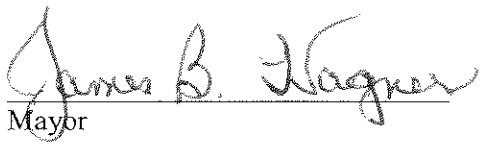
Adopted this 27th day of February, 2012.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Reedsville on the 27th day of February, 2012.

Dated: March 15, 2012.

[SEAL]

Clerk

Recorder

EXHIBIT A

SPECIAL CONDITIONS

REQUIREMENTS TO BE MET FOR JENNMAR EXTENTION FUNDING – Prior to bidding the contract for the Jennmar Extension, the Issuer shall provide to DEP: (1) revised professional services agreements (if any); (2) an approved set of Plans and Specs for bidding purposes; and (3) preliminary title opinion acceptable to DEP stating that at least 80% of all lands, easements and rights of way have been obtained that are necessary for construction of the Jennmar extension. Prior to the advancement of any funds itemized in the Schedule B to be expended on the Jennmar extension, the Issuer shall provide to DEP: (1) evidence of acceptable bids that conforms to the financing plan including a revised Schedule B reducing the grant amount if the bids are under estimate; (2) a Certificate of Public Convenience and Necessity from the PSC for the Jennmar extension; (3) a final title opinion in a form acceptable to DEP stating that all lands, easements and rights of way have been obtained that are necessary for construction of the Jennmar extension; (4) evidence of any new permits or permit modifications submittal pending approval; and (5) an executed addendum to the Certificate of the Consulting Engineer containing certifications with respect to the bids for the Jennmar extension.

SRF-BPA-1
(10/11)

BOND PURCHASE AGREEMENT

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

TOWN OF REEDSVILLE (2005S-867/C-544478)
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

1.8 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the

Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

1.10 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.11 Additional terms and phrases are defined in this Bond Purchase Agreement as they are used.

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at

the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Record Drawings, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final or updated Operation and Maintenance Manual, if necessary as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ a state certified plant operator prior to the Project being 50% complete and notify the DEP of such employment. The Local Government shall retain the operator(s) to operate the System during the entire term of this Loan Agreement.

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 20th of each month to the DEP and the Authority.

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

(a) The Local Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Local Bonds will be expended and the procedures as to the disbursement of bond proceeds, including an estimated monthly draw schedule;

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

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

(d) The Local Government shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the proceeds of the Local Bonds will refund an interim construction financing, the Local Government must either be constructing or have constructed its Project for a cost and as

otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

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

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

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

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

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing."

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this

Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided in the Local Act;

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

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

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

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

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

(vii) That the Local Government will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

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

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

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

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

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

TOWN OF REEDSVILLE

(SEAL)

By: _____
Its: Mayor
Date: March 15, 2012

Attest:

_____
Its: Recorder

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER AND WASTE MANAGEMENT

By: _____
Its: Director
Date: March 15, 2012

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: March 15, 2012

Attest:

_____
Its: Authorized Officer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____
Name of Bond Issue(s) _____
Type of Project _____ **Water** _____ **Wastewater**
Fiscal Year _____ **Report Month** _____

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 20th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____

(Issuer)

_____

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No._____, of _____, Consulting Engineers, _____, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set

forth in Schedule attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve _____ new customers in the _____ area.

WITNESS my signature and seal on this _____ day of _____, _____.

_____

By _____
West Virginia License No. __

[SEAL]

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

[2]If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Government that receives $500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. ASSET MANAGEMENT – The Local Government shall submit an acceptable asset management plan or where applicable, updated plans, to DEP no later than six months following substantial completion of the Project. This requirement shall be included in the bond closing documents.

D. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

E. CLOSING REQUIREMENTS – [Reserved].

F. REQUIREMENTS TO BE MET FOR JENNMAR EXTENSION FUNDING – Prior to bidding the contract for the Jennmar extension, the Local Government shall provide to DEP: (1) revised professional services agreements (if any); (2) an approved set of Plans and Specs for bidding purposes; and (3) preliminary title opinion acceptable to

DEP stating that at least 80% of all lands, easements and rights of way have been obtained that are necessary for construction of the Jennmar extension. Prior to the advancement of any funds itemized in the Schedule B to be expended on the Jennmar extension, the Local Government shall provide to DEP: (1) evidence of acceptable bids that conforms to the financing plan including a revised Schedule B reducing the grant amount if the bids are under estimate; (2) a Certificate of Public Convenience and Necessity from the PSC for the Jennmar extension; (3) a final title opinion in a form acceptable to DEP stating that all lands, easements and rights of way have been obtained that are necessary for construction of the Jennmar extension; (4) evidence of any new permits or permit modifications submittal pending approval; and (5) an executed addendum to the Certificate of the Consulting Engineer containing certifications with respect to the bids for the Jennmar extension.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Local Government] on [Date].

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated ____, ___, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, ___ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, ____, and ending __ 1, ____, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Government on _____, as supplemented by the

supplemental resolution duly adopted by the Local Government on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

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

3. The Local Government is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Local Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and

applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

A. Series A Bonds (CWSRF Base Program)

Principal Amount of Local Bonds	$1,770,000
Purchase Price of Local Bonds	$1,770,000

The Local Bonds shall bear no interest. Commencing March 1, 2014, principal of the Local Bonds is payable quarterly, with an administrative fee of .5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

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

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

Number of New Customers to Be Served: 54
Location: Arthurdale are
Extension: 2
Location: Jennmar area

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Government: Town of Reedsville Sewer Revenue Bonds, Series 2001 (United States

Department of Agriculture), dated August 22, 2001, issued in the original aggregate principal amount of $450,000.

B. Series B Bonds (CWSRF Forgiveness)

Principal Amount of Local Bonds	$1,000,000
Purchase Price of Local Bonds	$1,000,000

The Local Bonds shall bear no interest. The Authority at the direction of the DEP shall forgive the principal amount of the Local Bonds. The principal amounts advanced under the Series B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series B Bonds shall be deemed no longer outstanding after the last advance is forgiven.

The Local Bonds are fully registered in the name of the Authority.

The Local Government shall make monthly payments into the Renewal and Replacement Fund as required by Section 4.1 of this Agreement for at least the term of the Local Bonds.

The Local Government shall notify the Authority and the Council of any proposed bond indebtedness secured by the revenues of the System.

SCHEDULE Y
DEBT SERVICE SCHEDULE

NET DEBT SERVICE
Town of Reedsville
CW SRF
0% Interest Rate, 0.5 % Administrative Fee
40 Years from March 15, 2012

Date	Principal	Interest	Total Debt Service	Admin Fee	Net Debt Service
3/1/2014	11,569		11,569	1,113.46	12,682.46
6/1/2014	11,569		11,569	1,113.46	12,682.46
9/1/2014	11,569		11,569	1,113.46	12,682.46
12/1/2014	11,569		11,569	1,113.46	12,682.46
3/1/2015	11,569		11,569	1,113.46	12,682.46
6/1/2015	11,569		11,569	1,113.46	12,682.46
9/1/2015	11,569		11,569	1,113.46	12,682.46
12/1/2015	11,569		11,569	1,113.46	12,682.46
3/1/2016	11,569		11,569	1,113.46	12,682.46
6/1/2016	11,569		11,569	1,113.46	12,682.46
9/1/2016	11,569		11,569	1,113.46	12,682.46
12/1/2016	11,569		11,569	1,113.46	12,682.46
3/1/2017	11,569		11,569	1,113.46	12,682.46
6/1/2017	11,569		11,569	1,113.46	12,682.46
9/1/2017	11,569		11,569	1,113.46	12,682.46
12/1/2017	11,569		11,569	1,113.46	12,682.46
3/1/2018	11,569		11,569	1,113.46	12,682.46
6/1/2018	11,569		11,569	1,113.46	12,682.46
9/1/2018	11,569		11,569	1,113.46	12,682.46
12/1/2018	11,569		11,569	1,113.46	12,682.46
3/1/2019	11,569		11,569	1,113.46	12,682.46
6/1/2019	11,569		11,569	1,113.46	12,682.46
9/1/2019	11,569		11,569	1,113.46	12,682.46
12/1/2019	11,569		11,569	1,113.46	12,682.46
3/1/2020	11,569		11,569	1,113.46	12,682.46
6/1/2020	11,569		11,569	1,113.46	12,682.46
9/1/2020	11,569		11,569	1,113.46	12,682.46
12/1/2020	11,569		11,569	1,113.46	12,682.46
3/1/2021	11,569		11,569	1,113.46	12,682.46
6/1/2021	11,569		11,569	1,113.46	12,682.46
9/1/2021	11,569		11,569	1,113.46	12,682.46
12/1/2021	11,569		11,569	1,113.46	12,682.46
3/1/2022	11,569		11,569	1,113.46	12,682.46
6/1/2022	11,569		11,569	1,113.46	12,682.46
9/1/2022	11,569		11,569	1,113.46	12,682.46
12/1/2022	11,569		11,569	1,113.46	12,682.46
3/1/2023	11,569		11,569	1,113.46	12,682.46
6/1/2023	11,569		11,569	1,113.46	12,682.46
9/1/2023	11,569		11,569	1,113.46	12,682.46
12/1/2023	11,569		11,569	1,113.46	12,682.46

NET DEBT SERVICE					
Town of Reedsville					
CW SRF					
Date	Principal	Interest	Total Debt Service	Admin Fee	Net Debt Service
3/1/2024	11,569		11,569	1,113.46	12,682.46
6/1/2024	11,569		11,569	1,113.46	12,682.46
9/1/2024	11,569		11,569	1,113.46	12,682.46
12/1/2024	11,569		11,569	1,113.46	12,682.46
3/1/2025	11,569		11,569	1,113.46	12,682.46
6/1/2025	11,569		11,569	1,113.46	12,682.46
9/1/2025	11,569		11,569	1,113.46	12,682.46
12/1/2025	11,569		11,569	1,113.46	12,682.46
3/1/2026	11,569		11,569	1,113.46	12,682.46
6/1/2026	11,569		11,569	1,113.46	12,682.46
9/1/2026	11,569		11,569	1,113.46	12,682.46
12/1/2026	11,569		11,569	1,113.46	12,682.46
3/1/2027	11,569		11,569	1,113.46	12,682.46
6/1/2027	11,569		11,569	1,113.46	12,682.46
9/1/2027	11,569		11,569	1,113.46	12,682.46
12/1/2027	11,569		11,569	1,113.46	12,682.46
3/1/2028	11,569		11,569	1,113.46	12,682.46
6/1/2028	11,569		11,569	1,113.46	12,682.46
9/1/2028	11,569		11,569	1,113.46	12,682.46
12/1/2028	11,569		11,569	1,113.46	12,682.46
3/1/2029	11,569		11,569	1,113.46	12,682.46
6/1/2029	11,569		11,569	1,113.46	12,682.46
9/1/2029	11,569		11,569	1,113.46	12,682.46
12/1/2029	11,569		11,569	1,113.46	12,682.46
3/1/2030	11,569		11,569	1,113.46	12,682.46
6/1/2030	11,569		11,569	1,113.46	12,682.46
9/1/2030	11,569		11,569	1,113.46	12,682.46
12/1/2030	11,569		11,569	1,113.46	12,682.46
3/1/2031	11,569		11,569	1,113.46	12,682.46
6/1/2031	11,569		11,569	1,113.46	12,682.46
9/1/2031	11,569		11,569	1,113.46	12,682.46
12/1/2031	11,569		11,569	1,113.46	12,682.46
3/1/2032	11,569		11,569	1,113.46	12,682.46
6/1/2032	11,569		11,569	1,113.46	12,682.46
9/1/2032	11,569		11,569	1,113.46	12,682.46
12/1/2032	11,569		11,569	1,113.46	12,682.46
3/1/2033	11,569		11,569	1,113.46	12,682.46
6/1/2033	11,569		11,569	1,113.46	12,682.46
9/1/2033	11,569		11,569	1,113.46	12,682.46
12/1/2033	11,569		11,569	1,113.46	12,682.46
3/1/2034	11,569		11,569	1,113.46	12,682.46
6/1/2034	11,569		11,569	1,113.46	12,682.46

NET DEBT SERVICE					
Town of Reedsville					
CW SRF					
0% Interest Rate, 0.5 % Administrative Fee					
40 Years from March 15, 2012					
Date	Principal	Interest	Total Debt Service	Admin Fee	Net Debt Service
9/1/2034	11,569		11,569	1,113.46	12,682.46
12/1/2034	11,569		11,569	1,113.46	12,682.46
3/1/2035	11,569		11,569	1,113.46	12,682.46
6/1/2035	11,569		11,569	1,113.46	12,682.46
9/1/2035	11,569		11,569	1,113.46	12,682.46
12/1/2035	11,569		11,569	1,113.46	12,682.46
3/1/2036	11,569		11,569	1,113.46	12,682.46
6/1/2036	11,569		11,569	1,113.46	12,682.46
9/1/2036	11,569		11,569	1,113.46	12,682.46
12/1/2036	11,569		11,569	1,113.46	12,682.46
3/1/2037	11,569		11,569	1,113.46	12,682.46
6/1/2037	11,569		11,569	1,113.46	12,682.46
9/1/2037	11,569		11,569	1,113.46	12,682.46
12/1/2037	11,568		11,568	1,113.46	12,681.46
3/1/2038	11,568		11,568	1,113.46	12,681.46
6/1/2038	11,568		11,568	1,113.46	12,681.46
9/1/2038	11,568		11,568	1,113.46	12,681.46
12/1/2038	11,568		11,568	1,113.46	12,681.46
3/1/2039	11,568		11,568	1,113.46	12,681.46
6/1/2039	11,568		11,568	1,113.46	12,681.46
9/1/2039	11,568		11,568	1,113.46	12,681.46
12/1/2039	11,568		11,568	1,113.46	12,681.46
3/1/2040	11,568		11,568	1,113.46	12,681.46
6/1/2040	11,568		11,568	1,113.46	12,681.46
9/1/2040	11,568		11,568	1,113.46	12,681.46
12/1/2040	11,568		11,568	1,113.46	12,681.46
3/1/2041	11,568		11,568	1,113.46	12,681.46
6/1/2041	11,568		11,568	1,113.46	12,681.46
9/1/2041	11,568		11,568	1,113.46	12,681.46
12/1/2041	11,568		11,568	1,113.46	12,681.46
3/1/2042	11,568		11,568	1,113.46	12,681.46
6/1/2042	11,568		11,568	1,113.46	12,681.46
9/1/2042	11,568		11,568	1,113.46	12,681.46
12/1/2042	11,568		11,568	1,113.46	12,681.46
3/1/2043	11,568		11,568	1,113.46	12,681.46
6/1/2043	11,568		11,568	1,113.46	12,681.46
9/1/2043	11,568		11,568	1,113.46	12,681.46
12/1/2043	11,568		11,568	1,113.46	12,681.46
3/1/2044	11,568		11,568	1,113.46	12,681.46
6/1/2044	11,568		11,568	1,113.46	12,681.46

NET DEBT SERVICE					
Town of Reedsville					
CW SRF					
0.5% Administrative Fee					
40 Years from Closing Date					
Date	Principal	Interest	Total Debt Service	Admin Fee	Net Debt Service
9/1/2044	11,568		11,568	1,113.46	12,681.46
12/1/2044	11,568		11,568	1,113.46	12,681.46
3/1/2045	11,568		11,568	1,113.46	12,681.46
6/1/2045	11,568		11,568	1,113.46	12,681.46
9/1/2045	11,568		11,568	1,113.46	12,681.46
12/1/2045	11,568		11,568	1,113.46	12,681.46
3/1/2046	11,568		11,568	1,113.46	12,681.46
6/1/2046	11,568		11,568	1,113.46	12,681.46
9/1/2046	11,568		11,568	1,113.46	12,681.46
12/1/2046	11,568		11,568	1,113.46	12,681.46
3/1/2047	11,568		11,568	1,113.46	12,681.46
6/1/2047	11,568		11,568	1,113.46	12,681.46
9/1/2047	11,568		11,568	1,113.46	12,681.46
12/1/2047	11,568		11,568	1,113.46	12,681.46
3/1/2048	11,568		11,568	1,113.46	12,681.46
6/1/2048	11,568		11,568	1,113.46	12,681.46
9/1/2048	11,568		11,568	1,113.46	12,681.46
12/1/2048	11,568		11,568	1,113.46	12,681.46
3/1/2049	11,568		11,568	1,113.46	12,681.46
6/1/2049	11,568		11,568	1,113.46	12,681.46
9/1/2049	11,568		11,568	1,113.46	12,681.46
12/1/2049	11,568		11,568	1,113.46	12,681.46
3/1/2050	11,568		11,568	1,113.46	12,681.46
6/1/2050	11,568		11,568	1,113.46	12,681.46
9/1/2050	11,568		11,568	1,113.46	12,681.46
12/1/2050	11,568		11,568	1,113.46	12,681.46
3/1/2051	11,568		11,568	1,113.46	12,681.46
6/1/2051	11,568		11,568	1,113.46	12,681.46
9/1/2051	11,568		11,568	1,113.46	12,681.46
12/1/2051	11,568		11,568	1,113.46	12,681.46
3/1/2052	11,569		11,569	1,113.46	12,682.46
	1,770,000		1,770,000	170,359.38	1,940,359.38
Note: Quarterly Admin Fee of $1,113,46 to be submitted with the principal amount for a total					
administrative expense of $170,359.38					

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ATTORNEYS AT LAW

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John.stump@steptoe-johnson.com

February 23, 2012

Via Hand Delivery

Sandra Squire, *Executive Secretary*
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

Case No.: 11-0424-S-CN

TOWN OF REEDSVILLE

Application for a certificate of convenience and necessity to construct certain additions and improvements to the Town's existing sewerage system and for approval of the related financing.

Dear Ms. Squire:

Enclosed herein for filing on behalf of the Town of Reedsville, please find an affidavit by the Town's certified public accountant.

Please file the enclosed affidavit and distribute the additional copies to the appropriate parties at the Commission. Additionally, I ask that you date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and should you have any questions please contact me at (304) 353-8196.

Best Regards,

John C. Stump
(W. V. State Bar No. 6385)

Enclosures

01:32 PM FEB 23 2012 PSC EXEC SEC DIV

745200.00002

Bennett & Dobbins PLLC
CERTIFIED PUBLIC ACCOUNTANTS

317 Cleveland Avenue
Fairmont, WV 26554-1604
Telephone: (304) 366-4295 Fax: (304) 366-4311

GARY K. BENNETT, MBA-CPA
ZACHARY D. DOBBINS, CPA

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

Case No.: 11-0424-S-CN

TOWN OF REEDSVILLE

Application for a certificate of convenience and necessity to construct certain additions and improvements to the Town's existing sewerage system and for approval of the related financing.

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

AFFIDAVIT

I, Zack Dobbins, CPA, after making an oath of affirmation to tell the truth, say that, I have reviewed the Recommended Decision of the Public Service Commission of West Virginia in Case No. 11-0424-S-CN dated October 5, 2011 which became a Final Order on October 25, 2011 approving funding consisting of: (a) a loan from the West Virginia Infrastructure & Jobs Development Council in the amount of $1,923,700 at 0% interest for 38 years, and (b) a West Virginia Infrastructure & Jobs Development Council grant in the amount of $1,500,000.

Based upon all the information that has been provided to me, to date, I am of the opinion that the rates and charges are not affected by the revised funding consisting of (a) a loan from the West Virginia Clean Water State Revolving Fund in the amount of $1,770,000 at 0% interest; 0.5% administrative fee for term of 40 years, (b) a forgivable loan from the West Virginia Clean Water State Revolving Fund in the amount of $1,000,000; and (c) a West Virginia Infrastructure & Jobs Development Council grant in the amount of $737,488.

This Affidavit is executed on the 23rd day of February, 2012.

Zack Dobbins, CPA
Bennett & Dobbins

Taken, subscribed and sworn to before me this 23rd day of February, 2012.

My commission expires 12/21/2013

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
GARY K. BENNETT, CPA
317 Cleveland Avenue
Fairmont, West Virginia 26554
My Commission Expires Dec. 21, 2013

Notary Public

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

10/25/2011

Entered: October 5, 2011

CASE NO. 11-0424-S-CN

TOWN OF REEDSVILLE,
a municipality, Preston County.
Application for a certificate of convenience and necessity to construct certain additions and improvements to the Town's existing sewerage system and for approval of the related financing.

RECOMMENDED DECISION

On March 28, 2011, the Town of Reedsville (Utility) filed an application for a certificate of convenience and necessity to construct certain improvements to its sewer system.

On April 12, 2011, the Commission referred the matter requiring a decision on or before August 10, 2011.

On June 11, 2011, the Utility petitioned the Commission to toll the statutory deadline and extend the decision due deadline.

On June 16, 2011, the Commission tolled the statutory deadline and extended the decision due deadline until October 21, 2011.

By Procedural Order issued June 30, 2011, the matter was set for hearing on September 15, 2011. The Utility was required to publish notice of the hearing. The Utility properly published notice of the hearing.

The hearing was held as scheduled. Todd M. Swanson, Esquire, appeared on behalf of the Utility. Leslie J. Anderson, Esquire, appeared on behalf of Staff.

EVIDENCE

Zachary Dobbins, an accountant consulting for the Utility, originally recommended an across-the-board rate increase to support the project of 11.5%. (Tr. 8). The Utility intends to finance the project with a West Virginia Infrastructure and Jobs Development Council (WVIJC) loan of $1,923,700 for 38 years at 0% interest and a WVIJC grant in the amount of $1,500,000. (Tr. 9; Staff Ex. 1). Mr. Dobbins believes that the Staff-recommended rates in Case No. 11-0764-S-MA will cover the cost of financing the project. (Tr. 9). The financial grants for the project are substantial and the loan financing is at 0% which is quite favorable. (Tr. 9, 10). Mr. Dobbins believes that the Staff-recommended rates will cover all necessary operation and maintenance expenses associated with

the project and currently incurred by the Utility. The Utility currently serves about 260 customers and the project will add another 54 customers. (Tr. 10). Mr. Dobbins believes that, if the project is delayed for four or five years, it will not be able to obtain such favorable financing. (Tr. 11).

Clay Riley, a consulting engineer for the Utility, certified the plans and specifications. (Tr. 14). The project includes two separate contracts. One contract rehabilitates some of the existing sewer lines in the city. The Utility is currently experiencing inflow and infiltration (I&I) problems with its system which have been going on for years. The Utility previously completed a project where it replaced a portion of its sewer lines. The project includes pipeline replacement, pump station improvements and certain improvements to connections. (Tr. 14, 15).

I&I is a significant problem for the Utility, especially since it does not treat its own wastewater. The Utility's wastewater is treated by Masontown and any rainwater getting into the system directly increases the Utility's operating costs. It has a significant financial impact on the Utility. I&I also causes backups and overflows because the system is not designed to treat stormwater. (Tr. 16). The treatment rate for Masontown is about $4.60 per thousand gallon. (Tr. 16, 17). Many of the existing lines are terra-cotta with numerous joints, cracks and poorly constructed connections to customer lines. The installation of the facilities was not well-cut or well-grouted. Some connections appear to have been constructed by simply knocking holes into the terra-cotta lines with hammers. (Tr. 17).

The second contract is an extension to serve customers in Arthurdale. Arthurdale has a very old sanitary sewer system operated by the Arthurdale Sewage Association (ASA). ASA received a notice of violation from the Department of Environmental Protection (DEP) in April of 2004 for operating a system without a legal NPDES permit. (Tr. 15, 19; Utility Ex. 1). In addition to the lack of a discharge permit, ASA had an unsatisfactory collection system and unsatisfactory I&I. (Tr. 19; Utility Ex. 1). The DEP estimated 40 gallons a minute of untreated sewage flowing into Deckers Creek from ASA. DEP will eventually follow up the notice of violations with fines and perhaps court orders. (Tr. 21).

The Arthurdale system is essentially a septic tank. The high water table level in Arthurdale contributes tremendously to I&I problems with the existing sanitary sewer system. The current Arthurdale system has no filtering or treatment of any kind. I&I washes sewer solids into Deckers Creek. (Tr. 18).

The project will include a new pump station in Arthurdale. (Tr. 22). Failing to proceed with the project would create increased problems for the Utility with future continued degradation of its system and increasing I&I. (Tr. 23). Failure to proceed with the project would result in environmental enforcement action against ASA and its customers and the continued pollution of Decker's Creek. (Tr. 23).

Mr. Riley believed that the cost and financing of the project is reasonable. All of the project permits have been received. (Tr. 24).

Mr. Riley agrees with the Staff recommendations in this case. (Tr. 24, 25).

James Boyd Wagner, Mayor of Reedsville, testified the Utility had an emergency council meeting and voted to accept the Staff recommendations. (Tr. 26, 27).

Joseph Marakovits, an engineer for Staff, believes that the engineering fees associated with the contract are reasonable in relationship to the estimated construction cost. (Tr. 33, 34). Mr. Marakovits believes that the cost per customer of $11,225 is very reasonable. The Arthurdale portion of the project will provide service with a customer density of 54 customers per mile, which is very good. (Tr. 34).

Mr. Marakovits testified that ASA is not a regulated Utility. (Tr. 34, 35). Mr. Marakovits believed that the project was convenient and that there were no reasonable alternatives to the project. (Tr. 35, 36). Mr. Marakovits is satisfied with the scope of the project. The Utility still has significant amounts of old clay pipe that date back 60 to 70 years. The clay lines have cracks, tree root encroachments and are collapsing. Tree root encroachment in clay lines results in backups into people's homes. (Tr. 36).

The extension to Arthurdale is necessary given the raw sewage discharges into Deckers Creek. The Community has been put on notice by the DEP of the violations. The plans and specifications for the project do not conflict with Commission rules. (Tr. 37). The project will slightly increase the operation and maintenance expenses of the Utility by approximately $8,427 a year which is a reasonable estimate. (Tr. 37, 38). Mr. Marakovits believes that the certificate should be issued. (Tr. 38).

Karen Buckley, a financial analyst for Staff, testified that the Utility had final commitments on financing. (Tr. 41). Ms. Buckley believes the project is financially feasible. In Case No. 11-0764-S-MA[1], Staff recommended the approval of necessary rates to cover the increased costs to the Utility associate with the project. The Staff-recommended rates provide the Utility with a surplus of $6,408 and a debt service coverage ratio of 118.4%. (Tr. 42). Staff recommends approval of the financing. (Tr. 43).

PUBLIC COMMENT

James B. Wagner indicated that the original sewer system was constructed in 1933 or 1934 with labor done by the Civilian Conservation Corps with the Arthurdale system being built at the same time with the same labor. (Tr. 45).

Ellen Shaffer is a resident of Reedsville and believes that there is additional new construction that will occur in Arthurdale. Ms. Shaffer talked to some individuals in Arthurdale who are not interested in being

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[1]A separate Recommended Decision is being issued in Case No. 11-0764-S-MA approving the Staff-recommended rates.

part of the project. (Tr. 46). Ms. Shaffer indicated that Reedsville increased its rates about two years ago and that people cannot afford another rate increase. (Tr. 48). She objects to Reedsville helping out Arthurdale. (Tr. 49).

Lea Walte, employed by Region Six Planning and Development Council, had a meeting with the Utility and with ASA. (Tr. 50). ASA strongly supported the project at the meeting. ASA realizes its system is inadequate and raw sewage flows into Deckers Creek. The 54 customers in Arthurdale cannot support a project on their own. (Tr. 51). Ms. Walte believes that the sewer project will increase property values in Arthurdale. (Tr. 52).

Stephen Blake has been a resident of Reedsville since 1969. (Tr. 53). Mr. Blake thought that the entire system was going to be replaced under the old project. Mr. Blake has had serious problems with the new system. He believes that a significant amount of I&I is caused because of poor management of the Utility's system. (Tr. 54). He mentioned certain cleanouts that are covered with hinged caps. (Tr. 54, 55). Mr. Blake has odor issues concerning the sewer. Mr. Blake describes one repair where workers took a sledge hammer and drove a cap down into a line that was designed to be glued into place. (Tr. 55). Mr. Blake expressed doubts about existing Utility sewer staff being able to maintain additional facilities. (Tr. 56). Mr. Blake described one cleanout behind 80 South Elkins Avenue that is in a ditch below storm drainage run-off levels. (Tr. 56, 57). Mr. Blake also objected to Reedsville helping out Arthurdale.

FINDINGS OF FACT

1. On March 28, 2011, the Utility filed an application for a certificate of convenience and necessity to construct certain improvements to the Utility's existing sewer system, including an extension to serve 54 new customers. (See filing and Staff Ex. 1).

2. Part of the project will rehabilitate lines inside the Utility's current service territory, including new 6-and-8-inch PVC and ductile iron gravity sewer mains, manholes, cleanouts, service reconnections, upgrades to lift stations and other necessary repairs. (Id.).

3. The project will also include an extension of service to the Arthurdale community serving 54 new customers and installing 6-inch and 8-inch PVC and ductile iron sewer lines, a new pump station, and related construction. (Staff Ex. 1).

4. The project is estimated to cost $3,423,700 which is reasonable. (Id.).

5. The total project cost is $3,423,700 which calculates to $11,225 per customer with the debt portion of the project calculating to $6,307 per customer. (Id.).

6. The customer density of the extension to Arthurdale is 54 customers per mile. (Id.).

7. The project will result in the abandonment of an old public septic tank system in Arthurdale. (Id.).

8. The lines in Reedsville that are to be replaced are old vitrified clay gravity mains. (Id.).

9. The Utility's existing sewer system continues to experience significant I&I caused by the dilapidated condition of the existing sewer system, including at least 3/4 of a mile of old vitrified clay pipe. (Id.).

10. Upgrades to the existing system, including pump stations, are necessary for the Utility to achieve compliance with its NPDES permit and the mandates of the Federal Clean Water Act. (Id.).

11. The existing Arthurdale septic tank system directly discharges untreated sewage into Deckers Creek. (Id.).

12. This system is under a notice of violation from the DEP to eliminate the unpermitted discharge. (Id.).

13. The Arthurdale system is approximately 70 years old. (Id.).

14. The original plans and specifications for this project have been approved by the West Virginia Department of Health and Human Resources. (Permit No. 18,524).

15. The plans and specifications do not conflict with the Commission's rules. (Staff Ex. 1).

16. The project will result in an increase in operation and maintenance expenses by approximately $8,427. (Id.).

17. The project financing includes an WVIJC loan in the amount of $1,923,700 at 0% interest for 38 years and a WVIJC grant in the amount of $1,500,000. (Id.).

18. In Case No. 11-0764-S-MA, rates were approved which will result in a surplus for the Utility annually of $6,408 including renewal and replacement accounts and a 118.4% debt service coverage post-project period. (Id.).

CONCLUSIONS OF LAW

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

2. The proposed financing is reasonable and should be approved.

3. The application for a certificate of convenience and necessity should be granted.

ORDER

IT IS, THEREFORE, ORDERED that the Town of Reedsville be, and hereby is, granted a certificate of convenience and necessity to construct the extension and improvements to its sewer system as described in its application of March 28, 2011. The cost of the project shall not exceed $3,423,700. Approval is contingent upon the Utility obtaining all necessary state and federal permits before construction. Upon receipt, the Utility shall file with the Commission all permits not yet filed.

IT IS FURTHER ORDERED that the proposed financing, consisting of a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $1,923,700 at 0% interest for 38 years and a West Virginia Infrastructure and Jobs Development Council grant in the amount of $1,500,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if the scope or plans for the project change, or project cost or financing changes require a further rate increase beyond any discussed in this order, the Utility must obtain prior Commission approval before commencing construction. Changes in project cost or financing do not require separate approval, if those changes do not affect rates and the Utility submits an affidavit from a certified public accountant to this effect.

IT IS FURTHER ORDERED that the Utility provide the Commission with a copy of an engineer's certified bid tabulation for all contracts awarded on this project, as soon as they are available, but no later than ten days after the bid opening date.

IT IS FURTHER ORDERED that the Utility submit to the Commission a copy of the certificate of substantial completion issued for each construction contract associated with the project, as soon as they are available, but no later than ten days after the issuance of such documents.

IT IS FURTHER ORDERED that the Utility comply with all rules and regulations of the Division of Highways regarding the use of Division of Highways rights-of-way.

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

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served the exceptions.

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

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

K. A. George

Keith A. George
Administrative Law Judge

KAG:cdk
110424a.wpd

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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P.O. Box 1588
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todd.swanson@steptoe-johnson.com
WVSB No. 10509

September 7, 2011

01:37 PM SEP 07 2011 PSC EXEC SEC DIV

VIA HAND DELIVERY
Sandra Squire, *Executive Secretary*
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

Re: **CASE NO.: 11-0424-S-CN**
TOWN OF REEDSVILLE
Preston County, West Virginia
Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing sewerage system, and for approval of the financing thereof.

Dear Ms. Squire:

For filing on behalf of the Town of Reedsville in the above captioned proceeding, please find enclosed an original and twelve (12) copies of an Affidavit of Publication evidencing publication of the Notice of Hearing in the *Preston County News* on August 13, 2011 and August 20, 2011.

I ask that you please file the enclosed affidavit and distribute the additional copies to the appropriate parties at the Commission. Additionally, please date stamp the file copy provided and return it with our messenger.

Thank you in advance for your attention to this matter, and please contact me should you have any questions.

Sincerely,

Todd M. Swanson

TMS
Encl.
cc (w/ encl.): Danielle Fletcher, Clerk

745200.00006

CH5842208.1

Certificate of Publication

I, **Carol Peters,** Advertising Manager of The Preston County News, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the annexed public notice

Town of Reedsville

has been published for Two successive weeks in said newspaper, beginning with its issue of 8/13/11

and expiring with the issue of 8/20/11

And, I do further certify that on 8/13/11

Carol Peters

ADVERTISING MANAGER

Sworn to and subscribed before me this the 20th day of August, 2011

Dennis E. Peters

NOTARY PUBLIC

My commission expires 6/29/2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
110 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

LEGAL NOTICE
PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 11-0424-S-CN
TOWN OF REEDSVILLE,
a municipality, Preston County.

Application for a certificate of convenience and necessity to construct certain additions and improvements to the Town's existing sewerage system and for approval of the related financing.

NOTICE OF HEARING

On March 28, 2011, the Town of Reedsville filed an application for a certificate of convenience and necessity to construct certain additions to its sewer system. The project is expected to cost $3,423,700 and to be financed by a loan and grant from the West Virginia Infrastructure and Jobs Development Council.

The matter has been set for hearing on September 15, 2011, immediately concluding the hearing set at 2:00 p.m. on the Town of Reedsville's rates in the County Commission Room, Preston County Courthouse, 101 W. Main Street, Kingwood. Interested individuals may appear at hearing and be heard. Individuals may also submit public comment to the Executive Secretary's office by mailing such comment to the Executive Secretary, Public Service Commission, P.O. Box 812, Charleston, WV 25323 on or before September 10, 2011.

TOWN OF REEDSVILLE
8/13, 20

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

10/25/2011

Entered: October 5, 2011

CASE NO. 11-0764-S-MA

TOWN OF REEDSVILLE
a municipal utility.
Investigation and suspension of an increase in sewer rates and charges as a result of petitions filed in accordance with W.Va. Code §24-2-4b.

RECOMMENDED DECISION

On May 9, 2011, the Town of Reedsville (Utility) adopted an ordinance increasing its rates and charges to provide sewer services.

On May 31, 2011, a petition was filed signed by what appeared to be not less than 25% of the Utility's sewer customers.

On June 2, 2011, the Commission invoked its jurisdiction and suspended the Utility's proposed ordinance. The Order made the Utility a respondent to the investigation and required Staff to submit its report on or before September 6, 2011. The Order further referred the matter requiring a recommended decision on or before October 21, 2011.

By Procedural Order issued June 7, 2011, the matter was set for hearing on September 15, 2011, and the Utility was required to publish notice. The Utility properly published notice of the hearing.

The hearing was held as scheduled. Todd M. Swanson, Esquire, appeared on behalf of the Utility. Leslie J. Anderson, Esquire, appeared on behalf of Staff.

EVIDENCE

Zachary Dobbins, an accountant consulting for the Utility, testified that the Utility needed the rate increase due to a project that is pending in Case No. 11-0424-S-CN in order to pay off financing associated with the project.[1] (Tr. 8). The Utility will borrow $1,923,700 associated with the project. (Tr. 8). The Utility proposed additional annual revenues of $49,500, increasing the customer's average bill $5.22 from $47.27 to $52.49. (Tr. 9). Mr. Dobbins reviewed the Staff recommendations indicating that Staff conducted a class cost of service study. (Tr. 9, 10). Mr. Dobbins believes that the revenue produced by the

[1]By separate Recommended Decision, a certificate was issued for the project.

Staff-recommended increase for the Utility is reasonable. (Tr. 10). Mr. Dobbins believes that the Staff-recommended rates will produce adequate revenue to pay for project financing. (Tr. 10). He also believes that the rates will be adequate to pay for increased operation and maintenance costs incurred by the Utility because of the project. (Tr. 10).

James Boyd Wagner, Mayor of the Town of Reedsville, testified that the Town had an emergency council meeting after the Staff-recommended rates were issued and decided that they would accept the Staff rates and recommendations. (Tr. 12, 13).

Joseph, Marakovits, an engineer for Staff, calculated the engineering allocation factors for the class cost of service study for the Utility's rates. (Tr. 16; Staff Ex. 1). The study attempts to allocate costs of service to the customers that drive those particular costs. (Tr. 18; Staff Ex. 1). The Utility's sewage is treated by Masontown. (Tr. 19).

Karen Buckley, a financial analyst for Staff, testified that the Utility proposed an across-the-board increase to its customers of 11%. (Tr. 22). The Utility rate increase would have gone into effect immediately, but Staff believes that the rates are not necessary until the project is substantially complete. (Tr. 30, 31). The Utility has sufficient bond coverage currently to meets its obligations. (Tr. 31).

Staff concluded that the Utility needed an overall increase in its revenue of 8.1% annually or about $15,500. (Tr. 32). Staff's class cost of service study indicated that the residential customers had been subsidizing the commercial customers. (Tr. 32, 33). The Utility will need to generate about $205,772 in revenue annually after the project is complete. (Tr. 33). The Utility's bond documents require 115% debt service coverage. (Tr. 33).

Staff considered a three-year average surplus in calculating its rates instead of five years because, in the last two years, the Utility hardly spent any money on renewal and replacement. (Tr. 33). The Staff rates built in a surplus of $6,408. (Tr. 34). The recommended rate increase is absolutely essential if the project is to occur. (Tr. 34).

Nothing in Staff's review of the Utility's financial records indicated that the Utility's management of the waste water services was wasteful or unreasonable. (Tr. 34, 35). The Utility only has two classes of customers, residential and commercial. (Tr. 36). The class cost of service study showed that the residential class was subsidizing the commercial class and the Staff-recommended rates begin to address that subsidization. The Staff rates did not eliminate the subsidy because of Commission policies regarding gradualism. (Tr. 36, 37). Staff rates move in the correct direction. (Tr. 37).

Staff made various changes to the Utility's tariffs in order to make them conform with the Commission's current rules. (Tr. 37). The Staff-recommended rate increase for a 4,500 gallon customer is 6.8% or $3.57, from $52.44 to $56.01. (Tr. 38).

PUBLIC COMMENT

Richard Swecker and his mother attempted to go to the Town of Reedsville's meeting about the rate increase and were promptly kicked out of the meeting. (Tr. 41, 42). Because Mr. Swecker was kicked out of the meeting, he started the petition challenging the rate increase. (Tr. 42). Mr. Swecker believes that it was a good thing he petitioned the Commission, given that the Commission is recommending lower rates for residential customers than those adopted by the Utility. (Tr. 42).

FINDINGS OF FACT

1. On May 9, 2011, the Utility adopted an ordinance increasing its rates. (See Ordinance).

2. On June 2, 2011, the Commission invoked its jurisdiction upon the receipt of a petition signed by what appeared to be not less than 25% of the Utility's sewer customers. (See Commission Order).

3. The Utility, on a going level basis, has $23,831 available for capital additions and a debt service coverage of 192%. (Staff Ex. 2).

4. After the project, the Utility, without a rate increase would have a cash flow deficit of $14,165 and a debt service coverage of 98%. (Id.).

5. After the project, the Utility's proposed rates produce $12,143 available for capital additions and a debt service coverage of 126%. (Id.).

6. After the project, the Staff-recommended rates produce $6,408 available for capital additions and a debt service coverage of 118.4%. (Staff Ex. 3).

7. Staff conducted a class cost of service study which demonstrated that the Utility's residential class was subsidizing the Utility's commercial class. (Staff Ex. 3).

8. Staff recommended additional rates which increase the Utility's revenue 8.1% over current rates. Given the results of the class cost of service study, Staff recommended an increase for the residential class of 5.6% and an increase for the commercial class of 15.7%. (Staff Ex. 3).

9. Under the Staff-recommended rates, the average 4,500 gallon customer bill would be $56.01. (Id.).

10. Staff made several recommended changes to the Utility's tariff to make it conform to current Commission rules. (Id.).

11. Staff's rates do not completely eliminate the subsidy between classes because of concerns for rate gradualism. (Tr. 36, 37; Staff Ex. 3).

12. The Utility has accepted the Staff-recommended rates and proposed tariff changes. (Tr. 8, 9, 10, 12, 13).

CONCLUSION OF LAW

The Staff-recommended rates are reasonable, just, based primarily on the cost of providing service, necessary to support the proposed project, agreed to by the Utility and should be adopted for use by the Utility upon substantial completion of the project.

ORDER

IT IS THEREFORE, ORDERED that the rates attached as Appendix A be, and hereby are, approved for use by the Town of Reedsville on and after the date that the project approved in Case No. 11-0424-S-CN is substantially complete.

IT IS FURTHER ORDERED that the Town of Reedsville file a proper tariff and five copies with the Commission within thirty days of the date that this Order becomes a final order of the Commission.

IT IS FURTHER ORDERED that the matter be removed from the open docket.

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served the exceptions.

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

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

K. A. George

Keith A. George
Administrative Law Judge

KAG:ksf
110764aa.wpd

TOWN OF REEDSVILLE
CASE NO. 11-0764-S-MA

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY OF SERVICE

Available for general domestic, commercial, and industrial sanitary sewer service

RATES (customers with metered water supply)

First	3,000 gallons used per month	$12.78 per 1,000 gallons
Next	3,000 gallons used per month	$11.78 per 1,000 gallons
Next	4,000 gallons used per month	$ 9.94 per 1,000 gallons
Next	10,000 gallons used per month	$ 8.72 per 1,000 gallons
Over	20,000 gallons used per month	$ 7.90 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than $38.34 per month.

LEAK ADJUSTMENT RATE

$4.46 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attribute to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

UNMETERED/UNMEASURED RATES

Equivalent of 4,500 gallons of water usage or $56.01 per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant. A tap fee of $350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Public Service Commission for each new tap to the system.

WATER DISCONNECT/RECONNECT FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Preston County Public Service District #1, a disconnection fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Preston County Public Service District #1, is reconnected, a reconnection fee of $20.00 shall be charged.

MUNICIPAL EXCISE TAX SURCHARGE

The municipality listed below, having imposed public utility tax computed on the basis of two percent revenues from sewer service sales by the sewer utility within the corporate limits of such municipalities, shall be billed as a "surcharge" to the customers receiving service within said corporate limits.

The sewer utility is required to collect the utility tax pursuant to West Virginia Code §8-13-5a. Customers receiving sewer service within the corporate limits of the specified municipality shall pay a surcharge based on the following surcharge rates:

Town of Reedsville 2%

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $20.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

SECURITY DEPOSIT

A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific class, whichever is greater. This fee may be changed by applicable statutory provisions.

WEST VIRGINIA
Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

B. K. "Bud" Carr
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

April 12, 2011

The Honorable James Wagner
Mayor, Town of Reedsville
P.O. Box 397
Reedsville, WV 26547

Re: Town of Reedsville
Sewer Project No. 2005S-867 (Revised)
Binding Commitment
(Action Required by April 30, 2011)

Dear Mayor Wagner:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) provides this binding offer of an Infrastructure Fund loan of approximately $1,923,700 (Loan) and an Infrastructure Fund grant of approximately $1,500,000 (Grant) to the Town of Reedsville (Town) for the above referenced sewer project (Project). The Loan and Grant will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The Infrastructure Council stipulated that this binding offer is contingent upon the Town applying for Clean Water State Revolving Fund funding to take out the Infrastructure Fund grant.

If the Town has any questions regarding this commitment, please contact Jim Ellars at 304-414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

Attachment

cc: Mike Johnson, P.E., DEP *(via e-mail)*
Samme Gee, Esq., Jackson Kelly *(via e-mail)*
Clay P. Riley, Thrasher Engineering, Inc. *(via e-mail)*
Lea Wolfe, Region VI Planning & Development Council *(via e-mail)*

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

TOWN OF REEDSVILLE

By: James B. Wagner

Its: Mayor

Date: 04-18-11

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Town of Reedsville
Sewer Project 2005S-867

SCHEDULE A

A. Approximate Amount:

$1.923,700	Loan
1,500,000	Grant
$3,423,700	Total

B. Loan: $1,923,700

1. Maturity Date: 40 years from date of closing.
2. Interest Rate: 0%
3. Loan Advancement Date(s): Monthly, upon receipt of proper requisition.
4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.

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

C. Grant: $1,500,000

5. Grant Advancement Date(s): Monthly, upon receipt of proper requisition and after advancement of all Loan funding.
6. Special Conditions: Contingent upon the Town applying for Clean Water State Revolving Fund funding to take out the Infrastructure Fund grant.

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

D. Proposed User Rates: Approximately $59.56 / 4000 gallons

West Virginia Infrastructure & Jobs Development Council

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McComas
Prichard
Ron Justice
Morgantown

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

April 3, 2008

The Honorable James Wagner
Mayor, Town of Reedsville
P.O. Box 397
Reedsville, West Virginia 26547

Re: Town of Reedsville
Sewer Project 2005S-867

Dear Mayor Wagner:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Town of Reedsville's (the "Town") revised preliminary application to rehabilitate the Town's and Arthurdale's Sewage Association's sanitary sewers and reduce inflow and infiltration (the "Project").

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

Upon consideration of the revised preliminary application, the Council determined that the Town should pursue a $1,500,000 Small Cities Block Grant to fund this $3,423,700 project. Please contact the West Virginia Development Office at 558-4010for specific information on the steps the Town needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

The Council also determined that the District may be eligible for a $1,923,700 Infrastructure Fund loan (0%, 40 years)pending final determination of the project's eligibility and readiness to proceed. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Council's pending list of projects.

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

Sincerely,

Kenneth Lowe, Jr.

Enclosure
cc: ~~Mike Johnson, P.E., DEP (w/o enclosure)~~
Debbie Legg, WVDO (w/o enclosure)
Region VI Planning & Development Council
Travis Adams, Thrasher Engineering, Inc.
Town of Masontown

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone: (304) 926-0495
Fax: (304) 926-0496

Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
dep.wv.gov

November 8, 2011

Honorable James Wagner
Mayor, Town of Reedsville
PO Box 397
Reedsville, West Virginia 26547

RE: Town of Reedsville
SRF No. C-544478
IJDC No. 2005S-867
Binding Commitment

Dear Mayor Wagner:

This letter is to confirm our intention of providing the long-term financing through the Clean Water State Revolving Fund Program for the Town's wastewater improvement project. The project involves the rehabilitation of the collection system to reduce inflow and infiltration, and the extension of the collection system to provide service to the community of Arthurdale, adding approximately 54 new customers to the system.

We are hereby committing an amount of $2,923,700 which contains two loan components. A repayable loan amount of $1,923,700 will be issued at 0% interest, 0.5% annual administrative fee, for a term of 40 years (38-year payback). A forgivable loan amount of $1,000,000 may also be assumed. These funds are being provided through the base CWSRF program. The Town qualifies for these terms as long as the 4,000 gallon average sewer rate is equal to or greater than $47.06 (1.75% MHI). The final loan amount may be adjusted after receipt of bids and a formal application is submitted.

If the Town's bonds have not been issued to the Fund prior to May 8, 2012, it is understood that the Fund reserves the right to discontinue processing the Town's application and on that day, will have no further responsibilities or obligations hereunder.

Should you have any questions, please do not hesitate to contact me at (304) 926-0499, extension 1596 or at Katheryn.D.Emery@wv.gov .

Sincerely,

Katheryn D. Emery, P.E.
Program Manager
Clean Water SRF Program

KDE/cg

cc: Mr. John Stump, Equire, Steptoe & Johnson
Ms. Samme Gee, Esquire, Jackson Kelly
Mr. Jim Ellers, P.E., WVIJDC
Mr. Clay Riley, P.E., Thrasher Engineering

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone: (304) 926-0495
Fax: (304) 926-0496

Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
dep.wv.gov

February 2, 2012

Honorable James Wagner
Mayor, Town of Reedsville
PO Box 397
Reedsville, West Virginia 26547

RE: Town of Reedsville
SRF No. C-544478
IJDC No. 2005S-867
Revised Binding Commitment

Dear Mayor Wagner:

This letter is to confirm our intention of providing the long-term financing through the Clean Water State Revolving Fund Program for the Town's wastewater improvement project. The project involves the rehabilitation of the collection system to reduce inflow and infiltration, and the extension of the collection system to provide service to the community of Arthurdale, adding approximately 54 new customers to the system.

We are hereby committing an amount of $2,770,000 which contains two loan components. A repayable loan amount of $1,770,000 will be issued at 0% interest, 0.5% annual administrative fee, for a term of 40 years (38-year payback). A forgivable loan amount of $1,000,000 may also be assumed. These funds are being provided through the base CWSRF program. The Town qualifies for these terms as long as the 4,000 gallon average sewer rate is equal to or greater than $47.06 (1.75% MHI). This amount has been adjusted based upon the receipt of bids and the submitted loan application.

If the Town's bonds have not been issued to the Fund prior to June 30, 2012, it is understood that the Fund reserves the right to discontinue processing the Town's application and on that day, will have no further responsibilities or obligations hereunder.

Should you have any questions, please do not hesitate to contact me at (304) 926-0499, extension 1596 or at Katheryn.D.Emery@wv.gov .

Sincerely,

Katheryn D. Emery, P.E.
Program Manager
Clean Water SRF Program

KDE/cg

cc: Mr. John Stump, Equire, Steptoe & Johnson
Ms. Samme Gee, Esquire, Jackson Kelly
Mr. Jim Ellers, P.E., WVIJDC
Mr. Clay Riley, P.E., Thrasher Engineering

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 15th day of March, 2012, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the Town of Reedsville (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 15th day of March, 2012, the Authority received the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, in the principal amount of $1,770,000, numbered AR-1 (the "Series 2012 A Bonds") and the Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, in the principal amount of $1,000,000, numbered BR-1 (the "Series 2012 B Bonds"), each issued as a single, fully registered Bond, and each dated March 15, 2012.

2. At the time of such receipt, all the Series 2012 A Bonds and the Series 2012 B Bonds had been executed by the Mayor and the Clerk of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2012 A Bonds, of $90,760, being a portion of the principal amount of the Series 2012 A Bonds. The balance of the principal amount of the Series 2012 A Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2012 B Bonds, of $47,740, being a portion of the principal amount of the Series 2012 B Bonds. The balance of the principal amount of the Series 2012 B Bonds will be advanced by the Authority and by the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

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Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Sheila A. Miller
Its: Authorized Representative

TOWN OF REEDSVILLE

By: James B. Hagner
Its: Mayor

745200.00002

5888348

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith on this 15th day of March, 2012.

(1) Bond No. AR-1, constituting the entire original issue of the Town of Reedsville Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), in the principal amount of $1,770,000 (the "Series 2012 A Bonds") and Bond No. BR-1, constituting the entire original issue of the Town of Reedsville Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), in the principal amount of $1,000,000 (the "Series 2012 B Bonds"), both dated March 15, 2012 (collectively, the "Series 2012 Bonds"), executed by the Mayor and the Clerk of the Town of Reedsville (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on February 13, 2012, and a Supplemental Resolution duly adopted by the Issuer on February 27, 2012 (collectively, the "Bond Legislation");

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

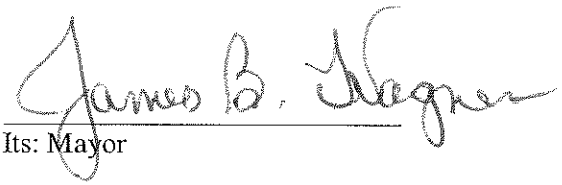
(3) Executed counterparts of an Bond Purchase Agreement for the Series 2012 Bonds, dated March 15, 2012, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Bond Purchase Agreement and the Series 2012 Bonds.

You are hereby requested and authorized to deliver the Series 2012 A Bonds to the Authority upon payment to the Issuer of the sum of $90,760, representing a portion of the principal amount of the Series 2012 A Bonds. You are further hereby requested and authorized to deliver the Series 2012 B Bonds to the Authority upon payment to the Issuer of the sum of $47,740, representing a portion of the principal amount of the Series 2012 B Bonds. Prior to such delivery of the Series 2012 Bonds, you will please cause the Series 2012 Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

TOWN OF REEDSVILLE

By: 
Its: Mayor

745200.00002

5888351

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF REEDSVILLE
SEWER REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $1,770,000

KNOW ALL MEN BY THESE PRESENTS: That on the 15th day of March, 2012, TOWN OF REEDSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION SEVEN HUNDRED SEVENTY THOUSAND DOLLARS ($1,770,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2014, to and including March 1, 2052 as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee of 0.50% (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2014, as set forth on Exhibit B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority, and the DEP, dated March 15, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on February 13, 2012, and a Supplemental Resolution duly adopted by the Issuer on February 27, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation

provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 22, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $450,000 (THE "SERIES 2001 BONDS" OR THE "PRIOR BONDS"); AND (II) THE SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 15, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,000,000, (THE "SERIES 2012 B BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and the Series 2012 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2012 A Bonds (the "Series 2012 A Bonds Reserve Account"), and unexpended proceeds of the Series 2012 A Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2012 A Bonds Reserve Account and unexpended proceeds of the Series 2012 A Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Series 2012 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 A Bonds including the Series 2012 B Bonds and the Prior Bonds; provided however, that, so long as there exists in the Series 2012 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2012 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Bonds, including the Series 2012 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation) by the registered owner, or by its attorney duly authorized in writing, upon the surrender of

this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

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IN WITNESS WHEREOF, the TOWN OF REEDSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

ATTEST:

Clerk

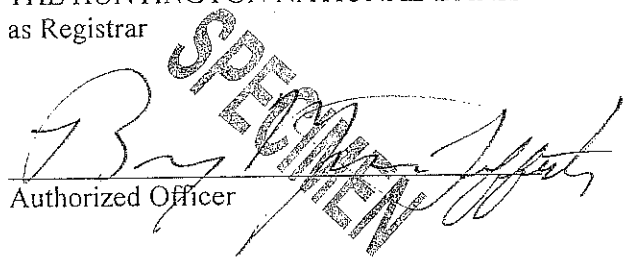
SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 15, 2012.

THE HUNTINGTON NATIONAL BANK
as Registrar



Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $90,760	March 15, 2012	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

NET DEBT SERVICE
Town of Reedsville
CW SRF
0% Interest Rate, 0.5 % Administrative Fee
40 Years from March 15, 2012

Date	Principal	Interest	Total Debt Service	Admin Fee	Net Debt Service
3/1/2014	11,569		11,569	1,113.46	12,682.46
6/1/2014	11,569		11,569	1,113.46	12,682.46
9/1/2014	11,569		11,569	1,113.46	12,682.46
12/1/2014	11,569		11,569	1,113.46	12,682.46
3/1/2015	11,569		11,569	1,113.46	12,682.46
6/1/2015	11,569		11,569	1,113.46	12,682.46
9/1/2015	11,569		11,569	1,113.46	12,682.46
12/1/2015	11,569		11,569	1,113.46	12,682.46
3/1/2016	11,569		11,569	1,113.46	12,682.46
6/1/2016	11,569		11,569	1,113.46	12,682.46
9/1/2016	11,569		11,569	1,113.46	12,682.46
12/1/2016	11,569		11,569	1,113.46	12,682.46
3/1/2017	11,569		11,569	1,113.46	12,682.46
6/1/2017	11,569		11,569	1,113.46	12,682.46
9/1/2017	11,569		11,569	1,113.46	12,682.46
12/1/2017	11,569		11,569	1,113.46	12,682.46
3/1/2018	11,569		11,569	1,113.46	12,682.46
6/1/2018	11,569		11,569	1,113.46	12,682.46
9/1/2018	11,569		11,569	1,113.46	12,682.46
12/1/2018	11,569		11,569	1,113.46	12,682.46
3/1/2019	11,569		11,569	1,113.46	12,682.46
6/1/2019	11,569		11,569	1,113.46	12,682.46
9/1/2019	11,569		11,569	1,113.46	12,682.46
12/1/2019	11,569		11,569	1,113.46	12,682.46
3/1/2020	11,569		11,569	1,113.46	12,682.46
6/1/2020	11,569		11,569	1,113.46	12,682.46
9/1/2020	11,569		11,569	1,113.46	12,682.46
12/1/2020	11,569		11,569	1,113.46	12,682.46
3/1/2021	11,569		11,569	1,113.46	12,682.46
6/1/2021	11,569		11,569	1,113.46	12,682.46
9/1/2021	11,569		11,569	1,113.46	12,682.46
12/1/2021	11,569		11,569	1,113.46	12,682.46
3/1/2022	11,569		11,569	1,113.46	12,682.46
6/1/2022	11,569		11,569	1,113.46	12,682.46
9/1/2022	11,569		11,569	1,113.46	12,682.46
12/1/2022	11,569		11,569	1,113.46	12,682.46
3/1/2023	11,569		11,569	1,113.46	12,682.46
6/1/2023	11,569		11,569	1,113.46	12,682.46
9/1/2023	11,569		11,569	1,113.46	12,682.46
12/1/2023	11,569		11,569	1,113.46	12,682.46

NET DEBT SERVICE
Town of Reedsville
CW SRF

Date	Principal	Interest	Total Debt Service	Admin Fee	Net Debt Service
3/1/2024	11,569		11,569	1,113.46	12,682.46
6/1/2024	11,569		11,569	1,113.46	12,682.46
9/1/2024	11,569		11,569	1,113.46	12,682.46
12/1/2024	11,569		11,569	1,113.46	12,682.46
3/1/2025	11,569		11,569	1,113.46	12,682.46
6/1/2025	11,569		11,569	1,113.46	12,682.46
9/1/2025	11,569		11,569	1,113.46	12,682.46
12/1/2025	11,569		11,569	1,113.46	12,682.46
3/1/2026	11,569		11,569	1,113.46	12,682.46
6/1/2026	11,569		11,569	1,113.46	12,682.46
9/1/2026	11,569		11,569	1,113.46	12,682.46
12/1/2026	11,569		11,569	1,113.46	12,682.46
3/1/2027	11,569		11,569	1,113.46	12,682.46
6/1/2027	11,569		11,569	1,113.46	12,682.46
9/1/2027	11,569		11,569	1,113.46	12,682.46
12/1/2027	11,569		11,569	1,113.46	12,682.46
3/1/2028	11,569		11,569	1,113.46	12,682.46
6/1/2028	11,569		11,569	1,113.46	12,682.46
9/1/2028	11,569		11,569	1,113.46	12,682.46
12/1/2028	11,569		11,569	1,113.46	12,682.46
3/1/2029	11,569		11,569	1,113.46	12,682.46
6/1/2029	11,569		11,569	1,113.46	12,682.46
9/1/2029	11,569		11,569	1,113.46	12,682.46
12/1/2029	11,569		11,569	1,113.46	12,682.46
3/1/2030	11,569		11,569	1,113.46	12,682.46
6/1/2030	11,569		11,569	1,113.46	12,682.46
9/1/2030	11,569		11,569	1,113.46	12,682.46
12/1/2030	11,569		11,569	1,113.46	12,682.46
3/1/2031	11,569		11,569	1,113.46	12,682.46
6/1/2031	11,569		11,569	1,113.46	12,682.46
9/1/2031	11,569		11,569	1,113.46	12,682.46
12/1/2031	11,569		11,569	1,113.46	12,682.46
3/1/2032	11,569		11,569	1,113.46	12,682.46
6/1/2032	11,569		11,569	1,113.46	12,682.46
9/1/2032	11,569		11,569	1,113.46	12,682.46
12/1/2032	11,569		11,569	1,113.46	12,682.46
3/1/2033	11,569		11,569	1,113.46	12,682.46
6/1/2033	11,569		11,569	1,113.46	12,682.46
9/1/2033	11,569		11,569	1,113.46	12,682.46
12/1/2033	11,569		11,569	1,113.46	12,682.46
3/1/2034	11,569		11,569	1,113.46	12,682.46
6/1/2034	11,569		11,569	1,113.46	12,682.46

NET DEBT SERVICE
Town of Reedsville
CW SRF
0% Interest Rate, 0.5 % Administrative Fee
40 Years from March 15, 2012

Date	Principal	Interest	Total Debt Service	Admin Fee	Net Debt Service
9/1/2034	11,569		11,569	1,113.46	12,682.46
12/1/2034	11,569		11,569	1,113.46	12,682.46
3/1/2035	11,569		11,569	1,113.46	12,682.46
6/1/2035	11,569		11,569	1,113.46	12,682.46
9/1/2035	11,569		11,569	1,113.46	12,682.46
12/1/2035	11,569		11,569	1,113.46	12,682.46
3/1/2036	11,569		11,569	1,113.46	12,682.46
6/1/2036	11,569		11,569	1,113.46	12,682.46
9/1/2036	11,569		11,569	1,113.46	12,682.46
12/1/2036	11,569		11,569	1,113.46	12,682.46
3/1/2037	11,569		11,569	1,113.46	12,682.46
6/1/2037	11,569		11,569	1,113.46	12,682.46
9/1/2037	11,569		11,569	1,113.46	12,682.46
12/1/2037	11,568		11,568	1,113.46	12,681.46
3/1/2038	11,568		11,568	1,113.46	12,681.46
6/1/2038	11,568		11,568	1,113.46	12,681.46
9/1/2038	11,568		11,568	1,113.46	12,681.46
12/1/2038	11,568		11,568	1,113.46	12,681.46
3/1/2039	11,568		11,568	1,113.46	12,681.46
6/1/2039	11,568		11,568	1,113.46	12,681.46
9/1/2039	11,568		11,568	1,113.46	12,681.46
12/1/2039	11,568		11,568	1,113.46	12,681.46
3/1/2040	11,568		11,568	1,113.46	12,681.46
6/1/2040	11,568		11,568	1,113.46	12,681.46
9/1/2040	11,568		11,568	1,113.46	12,681.46
12/1/2040	11,568		11,568	1,113.46	12,681.46
3/1/2041	11,568		11,568	1,113.46	12,681.46
6/1/2041	11,568		11,568	1,113.46	12,681.46
9/1/2041	11,568		11,568	1,113.46	12,681.46
12/1/2041	11,568		11,568	1,113.46	12,681.46
3/1/2042	11,568		11,568	1,113.46	12,681.46
6/1/2042	11,568		11,568	1,113.46	12,681.46
9/1/2042	11,568		11,568	1,113.46	12,681.46
12/1/2042	11,568		11,568	1,113.46	12,681.46
3/1/2043	11,568		11,568	1,113.46	12,681.46
6/1/2043	11,568		11,568	1,113.46	12,681.46
9/1/2043	11,568		11,568	1,113.46	12,681.46
12/1/2043	11,568		11,568	1,113.46	12,681.46
3/1/2044	11,568		11,568	1,113.46	12,681.46
6/1/2044	11,568		11,568	1,113.46	12,681.46

NET DEBT SERVICE
Town of Reedsville
CW SRF

0.5% Administrative Fee
40 Years from Closing Date

Date	Principal	Interest	Total Debt Service	Admin Fee	Net Debt Service
9/1/2044	11,568		11,568	1,113.46	12,681.46
12/1/2044	11,568		11,568	1,113.46	12,681.46
3/1/2045	11,568		11,568	1,113.46	12,681.46
6/1/2045	11,568		11,568	1,113.46	12,681.46
9/1/2045	11,568		11,568	1,113.46	12,681.46
12/1/2045	11,568		11,568	1,113.46	12,681.46
3/1/2046	11,568		11,568	1,113.46	12,681.46
6/1/2046	11,568		11,568	1,113.46	12,681.46
9/1/2046	11,568		11,568	1,113.46	12,681.46
12/1/2046	11,568		11,568	1,113.46	12,681.46
3/1/2047	11,568		11,568	1,113.46	12,681.46
6/1/2047	11,568		11,568	1,113.46	12,681.46
9/1/2047	11,568		11,568	1,113.46	12,681.46
12/1/2047	11,568		11,568	1,113.46	12,681.46
3/1/2048	11,568		11,568	1,113.46	12,681.46
6/1/2048	11,568		11,568	1,113.46	12,681.46
9/1/2048	11,568		11,568	1,113.46	12,681.46
12/1/2048	11,568		11,568	1,113.46	12,681.46
3/1/2049	11,568		11,568	1,113.46	12,681.46
6/1/2049	11,568		11,568	1,113.46	12,681.46
9/1/2049	11,568		11,568	1,113.46	12,681.46
12/1/2049	11,568		11,568	1,113.46	12,681.46
3/1/2050	11,568		11,568	1,113.46	12,681.46
6/1/2050	11,568		11,568	1,113.46	12,681.46
9/1/2050	11,568		11,568	1,113.46	12,681.46
12/1/2050	11,568		11,568	1,113.46	12,681.46
3/1/2051	11,568		11,568	1,113.46	12,681.46
6/1/2051	11,568		11,568	1,113.46	12,681.46
9/1/2051	11,568		11,568	1,113.46	12,681.46
12/1/2051	11,568		11,568	1,113.46	12,681.46
3/1/2052	11,569		11,569	1,113.46	12,682.46
	1,770,000		1,770,000	170,359.38	1,940,359.38

Note: Quarterly Admin Fee of $1,113,46 to be submitted with the principal amount for a total administrative expense of $170,359.38

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF REEDSVILLE
SEWER REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $1,000,000

KNOW ALL MEN BY THESE PRESENTS: That on the 15th day of March, 2012, the TOWN OF REEDSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION DOLLARS ($1,000,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference. The Series 2012 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer outstanding after the last advance is forgiven.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority, and the DEP, dated March 15, 2012.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on February 13, 2012, and a Supplemental Resolution duly adopted by the Issuer on February 27, 2012 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S: (I) SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 22, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $450,000 (THE "SERIES 2001 BONDS" OR THE "PRIOR BONDS"); AND (II) SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM), DATED MARCH 15, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,770,000 (THE "SERIES 2012 A BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and the Series 2012 A Bonds, and unexpended proceeds of the Series 2012 B Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, and unexpended proceeds of the Series 2012 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Series 2012 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 B Bonds including the Series 2012 A Bonds and the Prior Bonds; provided however, that, so long as the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Bonds, including the Series 2012 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation) by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the TOWN OF REEDSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

ATTEST:

Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 15, 2012.

THE HUNTINGTON NATIONAL BANK
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

DATE	AMOUNT	DATE	AMOUNT
(1) March	$47,740	(19) July	
(2) April		(20) August	
(3) May		(21) September	
(4) June		(22) October	
(5) FY 2012		(23) November	
(6) July		(24) December	
(7) August		(25) January	
(8) September		(26) February	
(9) October		(27) March	
(10) November		(28) April	
(11) December		(29) May	
(12) January		(30) June	
(13) February		(31) FY 2014	
(14) March		(32)	
(15) April		(33)	
(16) May		(34)	
(17) June		(35)	
(18) FY 2013		(36)	

TOTAL $_____

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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Writer's Contact Information

March 15, 2012

Town of Reedsville
Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program)

Town of Reedsville
Reedsville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the Town of Reedsville (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its $1,770,000 Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a Bond Purchase Agreement dated March 15, 2012, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of $1,770,000, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning March 1, 2014, to and including March 1, 2052, all as set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds. The Series 2012 A Bonds are subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2012 A Bonds as set forth in the Schedule Y attached to the Bond Purchase Agreement.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the Bond

Ordinance duly enacted by the Issuer on February 13, 2012, as supplemented by the Supplemental Resolution duly adopted by the Issuer on February 27, 2012 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.

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

3. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), dated August 22, 2001, issued in the original aggregate principal amount of $450,000 (the "Series 2001 Bonds" or the "Prior Bonds"); and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), dated March 15, 2012, issued in the original aggregate principal amount of $1,000,000, (the "Series 2012 B Bonds") issued contemporaneously herewith, all in accordance with the terms of the Bond Legislation.

6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

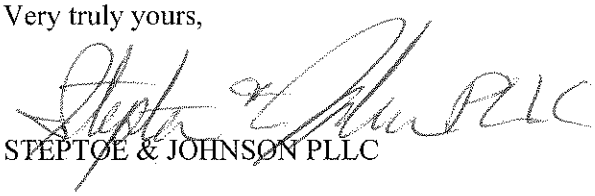
7. The Bonds have not been issued on the basis that the interest thereon, if any, is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal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

8. With proceeds from a West Virginia Infrastructure and Jobs Development Council Grant, the Series 2009 A Bonds have been paid in full within the meaning and with the effect expressed in the resolutions authorizing such Bonds, and the covenants, agreements and other obligations of the Issuer to the owners of such Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt of payment from the Paying Agent of such Bonds that they have received payment for the entire outstanding principal of such Bonds and all interest accrued thereon on the date hereof and that such Bonds have been paid in full.

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

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Writer's Contact Information

March 15, 2012

Town of Reedsville
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

Town of Reedsville
Reedsville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the Town of Reedsville (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its $1,000,000 Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a Bond Purchase Agreement dated March 15, 2012, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of $1,000,000, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with the principal amounts advanced under the Series 2012 B Bonds being deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer outstanding after the last advance is forgiven. The Series 2012 B Bonds are not subject to the SRF Administrative Fee.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the Bond Ordinance duly enacted by the Issuer on February 13, 2012, as supplemented by the Supplemental Resolution duly adopted by the Issuer on February 27, 2012 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond

Purchase Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.

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

3. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), dated August 22, 2001, issued in the original aggregate principal amount of $450,000 (the "Series 2001 Bonds" or the "Prior Bonds"); and Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), dated March 15, 2012, issued in the original aggregate principal amount of $1,770,000, (the "Series 2012 A Bonds") issued contemporaneously herewith, all in accordance with the terms of the Bond Legislation.

6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

745200.00002

5888409

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Elkins Office
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P. O. Box 1909
Elkins, WV 26241-1909
Telephone: (304) 636-3553
Facsimile: (304) 636-8607

March 6, 2012

Via U.S. Mail
Town of Reedsville
Reedsville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Re: Town of Reedsville
Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

Ladies and Gentlemen:

We are counsel to the Town of Reedsville in Preston County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a Bond Purchase Agreement for the Series 2012 Bonds, dated March 15, 2012, including all schedules and exhibits attached thereto, by and among the Issuer and the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), a Bond Ordinance duly enacted by the Issuer on February 13, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 27, 2012 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board duly adopted December 14, 2011, and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

The International Society of Primerus Law Firms
PRIMERUS MEMBER

We are of the opinion that:

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

2. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Issuer enforceable in accordance with its terms of the Project, with the exception of the Public Service Commission of West Virginia.

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

4. The execution and delivery of the Bonds, the Bond Purchase Agreement and the consummation of the transactions contemplated by the Bonds, the Bond Purchase Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

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

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

7. We have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that complies with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. Prior to the execution of construction contracts by the Issuer, we will verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and we will verify such insurance policies and bonds for accuracy. Prior to the execution of construction contracts by the Issuer, we will review the contracts, the surety bonds and the policies or other

evidence of insurance coverage in connection with the Project, and verify that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Bond Purchase Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

If you should have any questions regarding this matter or any of the information contained in this letter, please do not hesitate to contact me.

Sincerely,

Buddy Turner

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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Charleston, WV 25326-1588
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Writer's Contact Information

March 15, 2012

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

Town of Reedsville
Reedsville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

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

We are of the opinion that the Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered October 5, 2011, which became Final Order on October 25, 2011, in Case No.11-0424-S-CN, and Affidavit of Certified Public Accountant dated February 23, 2012 among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof. The order is in full force and effect.

We are of the opinion that the rates as amended by the Recommended Decision entered October 5, 2011, which became Final Order on October 25, 2011, in Case No. 11-0424-S-CN have been validly implemented by the Issuer and are in full force and effect.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

745200.00002

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James T. Dailey, Jr.
Mark E. Gaydos
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P. O. Drawer 2040
Clarksburg, WV 26302-2040
Telephone: (304) 626-1100
Facsimile: (304) 623-3035

Martinsburg Office
275 Aikens Center
P. O. Box 2509
Martinsburg, WV 25402-2509
Telephone: (304) 264-4621
Facsimile: (304) 264-8623

Parkersburg Office
404 Market Street, Suite 204
P. O. Box 1507
Parkersburg, WV 26102
Telephone: (304) 422-7193
Facsimile: (304) 422-7196

Elkins Office
One Randolph Avenue
P. O. Box 1909
Elkins, WV 26241-1909
Telephone (304) 636-3553
Facsimile (304) 636-8607

March 27, 2012

Via U.S. Mail
West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Developmental Authority
Charleston, West Virginia

Re: Town of Reedsville Sewer Expansion
IJDC #2005D-867
Final Title Opinion

Dear Ladies and Gentlemen:

Pursuant to your request, below please find the final title opinion in the above matter.

As you know, this firm represents the Town of Reedsville (hereinafter "Town") with regard to the above-referenced Project, and provides this title opinion on behalf of the Town to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (hereinafter "IJDC") and West Virginia Department of Environmental Protection (hereinafter, "DEP") with regard to the financing proposed for the Project. As such, please be advised of the following:

1. That I am of the opinion that the Town is a duly created and existing Town possessed with all powers and authority granted to Towns under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the IJDC and DEP.

2. That the Town has obtained all necessary permits and approval for the construction of the Project.

The International Society of Primerus Law Firms
PRIMERUS MEMBER

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

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Preston County, West Virginia, the County in which the Project is to be located and, in my opinion, the Town of Reedsville has acquired or will acquire legal title or such other estate or interests in all the necessary site components for the Project, including the easements and/or right-of-ways, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facility to be constructed. To date, the Town has obtained one hundred percent (100%) of the necessary right-of-ways.

a. The Project requires one fee acquisition for a pump station which has been acquired.

b. The Project requires 56 total easements. Of this number, 55 easements have been acquired. One right of entry order was obtained from the Circuit Court of Preston County, West Virginia.

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

If you should have any questions regarding this matter or any of the information contained in this letter, please do not hesitate to contact me.

Sincerely,

Buddy Turner

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR and CLERK of the Town of Reedsville in Preston County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER hereby certifies on this 15th day of March, 2012 in connection with the Issuer's Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), both dated the date hereof (collectively, the "Series 2012 Bonds" or individually, the "Series 2012 A Bonds" and the "Series 2012 B Bonds," respectively), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted February 13, 2012, and the Supplemental Resolution duly adopted February 27, 2012 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Series 2012 Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues or any grants, or in any way contesting or affecting the validity of the Series 2012 Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2012 Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Series 2012 Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2012 Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Net Revenues or the pledge of Net Revenues as security for the Series 2012 Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Series 2012 Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2012 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), dated August 22, 2001, issued in the original aggregate principal amount of $450,000 (the "Series 2001 Bonds" or the "Prior Bonds"). The Issuer is current on the Prior Bonds payments and is in compliance with all covenants and requirements of the Prior Ordinance.

The Series 2012 Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of certain of the Holders of the Prior Bonds to the issuance of the Series 2012 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other bonds, notes or other obligations of the Issuer which are secured by revenues or assets of the System.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original

documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Ordinance

Supplemental Resolution

Bond Purchase Agreement for Series 2012 Bonds

Public Service Commission Orders

Infrastructure Council Approval

Town Charter

Ordinance creating Sanitary Board

Petition of Sanitary Board

Oaths of Office of Officers and Council Members

Resolution on Open Governmental Proceedings Rules

Sewer Rate Ordinance

Minutes on Enactment of Sewer Rate Ordinance and Notice of Public Hearing

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

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

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

Prior Bond Ordinance and Supplemental Resolution

Consent of USDA to Issuance of Parity Bonds

Infrastructure Fund Grant Agreement

Evidence of Insurance

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Town of Reedsville". The Issuer is a municipal corporation in Preston County and is presently existing under the laws of, and is a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor, Clerk and 5 council members, all duly elected or

appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
James B. Wagner, Mayor	07/01/2009	07/01/2013
Stephen Swank , Acting Recorder	08/09/2010	08/09/2014
Robert Soccorsi	10/24/2011	07/01/2013
Greg Sybolt	07/01/2009	07/01/2013
Pindle Roth	07/01/2009	07/01/2013
vacant		

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

Chairman	-	James B. Wagner
Member	-	Danielle Fletcher
Member	-	Steve Smith

The Mayor is authorized and will appoint a professional engineer to the Sanitary Board prior to construction.

The duly appointed and acting Counsel to the Issuer is McNeer Highland McMunn & Varner LC, Kingwood, West Virginia and the duly appointed Special PSC Counsel is Steptoe & Johnson PLLC, Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or will be acquired by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2012 Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2012 Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. Prior to the execution of construction contracts by the Issuer, all insurance for the System required by the Bond Legislation will be in full force and effect.

10. BOND PURCHASE AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Bond Purchase Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Bond Purchase Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Bond Purchase Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Bond Purchase Agreement not misleading; and (iv) the Issuer is in compliance with the Bond Purchase Agreement.

The Issuer will serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer will certify to the Authority the number of customers added to the System.

11. INSURANCE. The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution and the Loan Agreement. All insurance for the System required by the Resolution and the Loan Agreement are in full force and effect.

12. VERIFICATION OF SCHEULE: The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

13. RATES: The Issuer has duly enacted a sewer rate ordinance on May 9, 2011, as amended by Recommended Decision dated October 5, 2011 which became Final Order on October 25, 2011 in Case No. 11-0764-S-MA of the Public Service Commission of West Virginia (the "PSC"), setting rates and charges of the System. The Issuer has adopted a Supplemental Resolution on February 27, 2012 approving the rates as approved by the PSC. The time for appeal of such Order has expired prior to the date hereof without any appeal and such rates are currently in full force and effect.

14. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Series 2012 Bonds of the aforesaid issue, consisting upon original issuance of a single Bond of each series, dated the date hereof, by his or her manual signature, and the undersigned Clerk did officially cause the official seal of the Issuer to be affixed upon said Series 2012 Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Series 2012 Bonds to a representative of the Authority as the original purchaser of the Series 2012 Bonds under the Bond Purchase Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered on October 5, 2011 which became Final Order on October 25, 2011, and an affidavit of CPA dated February 23, 2012, in Case No. 11-0424-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof without any appeal. The order is in full force and effect.

16. BOND PROCEEDS: On the date hereof, the Issuer received $90,760 from the Authority and the DEP, being a portion of the principal amount of the Series 2012 A Bonds and $47,740 from the Authority and the DEP, being a portion of the principal amount of the Series 2012 B Bonds. The balance of the principal amount of the Series 2012 A Bonds and the Series 2012 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

17. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *The Preston County Journal*, a qualified newspaper of general circulation in the Town of Reedsville, no newspaper being published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2012 Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 13th day of February, 2012, at 7:00 p.m., at Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

18. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2012 Bonds.

19. GRANTS: The Infrastructure Council grant in the amount of $737,488 is in full force and effect.

20. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2012 Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

21. CLEAN WATER ACT: The Project described in the Bond Ordinance complies with the Clean Water Act.

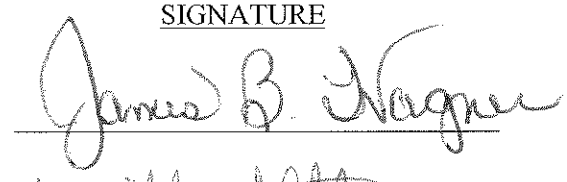
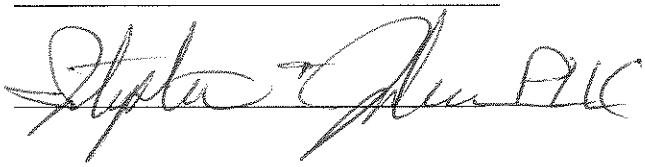
22. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

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

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of the TOWN OF REEDSVILLE on this the day and year first above written.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Mayor
	Clerk
	Counsel to Issuer
	Special PSC Counsel (Paragraph 15)

745200.00002

WITNESS our signatures and the official seal of the TOWN OF REEDSVILLE on this the day and year first above written.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Clerk
_____	Counsel to Issuer
_____	Special PSC Counsel (Paragraph 15)

745200.00002

5888426

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the Town of Reedsville in Preston County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $1,770,000 Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), and $1,000,000 Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, dated March 15, 2012 (the "Bonds" or the "Series 2012 Bonds"), hereby certifies on the 15th day of March, 2012, as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on February 13, 2012, as supplemented by Supplemental Resolution duly adopted by the Issuer on February 13, 2012 (the "Bond Ordinance"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on March 15, 2012, the date on which the Bonds are being physically delivered in exchange for an initial advance of $90,760, being a portion of the principal amount of the Series 2012 A Bonds and $47,740, being a portion of the principal amount of the Series 2012 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2012 A Bonds were sold on March 15, 2012, to the Authority, pursuant to an Bond Purchase Agreement dated March 15, 2012, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), for an aggregate purchase price of $1,770,000 (100% of par), at which time, the Issuer received $90,760 from the Authority and the DEP, being the first advance of the principal amount of the Series 2012 A Bonds. No accrued interest has

been or will be paid on the Series 2012 A Bonds. The balance of the principal amount of the Series 2012 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2012 B Bonds were sold on March 15, 2012, to the Authority, pursuant to an Bond Purchase agreement dated March 15, 2012, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $1,000,000 (100% of par), at which time, the Issuer received $47,740 from the Authority and the DEP, being the first advance of the principal amount of the Series 2012 B Bonds. No accrued interest has been or will be paid on the Series 2012 B Bonds. The balance of the principal amount of the Series 2012 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2012 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs. The Series 2009 Bonds are being repaid from proceeds from the West Virginia Infrastructure and Jobs Development Council Grant.

8. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2012 A Bonds Reserve Account or the Series 2012 B Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before April 1, 2013. The acquisition and construction of the Project is expected to be completed by October 1, 2012.

9. The total cost of the Project is estimated at $3,507,488. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2012 A Bonds	$1,770,000.00
Proceeds of the Series 2012 B Bonds	1,000,000.00
Proceeds of the Infrastructure Council Grant	737,488.00
Total Sources	$3,507,488.00
USES	
Costs of Acquisition and Construction of the Project	$3,182,818.62
Pay Series 2009 A Bonds	302,669.38
Costs of Issuance	22,000.00
Total Uses	$3,507,488.00

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2012 Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2012 Bonds Construction Trust Fund;

(4) Series 2012 A Bonds Sinking Fund; and

(5) Series 2012 A Bonds Reserve Account;

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

(1) Proceeds of the Series 2012 A Bonds in the amount of $-0- will be deposited with the Commission on the Series 2012 A Bonds Sinking Fund as capitalized interest.

(2) Proceeds of the Series 2012 A Bonds in the amount of $-0- will be deposited with the Commission in the Series 2012 A Bonds Reserve Account.

(3) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2012 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2012 A Bonds.

(4) Proceeds of a West Virginia Infrastructure and Jobs Development Grant in the amount of $302,669.38 will be deposited with the Commission to pay the Series 2009 A Bonds.

(5) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2012 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2012 B Bonds.

12. Monies held in the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2012 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2012 A Bonds Sinking Fund and Series 2012 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2012 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 6 months of the date hereof.

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

15. With the exception of the amount deposited in the Series 2012 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

16. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

17. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

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

19. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

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

21. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

22. The Bonds are not federally guaranteed.

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

24. The Issuer has either (a) funded the Series 2012 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2012 A Bonds in the then current or any succeeding year with the proceeds of the Series 2012 A Bonds, or (b) created the Series 2012 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2012 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2012 A Bonds in the then current or any succeeding year. Monies in the Series 2012 A Bonds Reserve Account and the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

25. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing

together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

26. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

27. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

[Remainder of Page Intentionally Blank]

WITNESS my signature on this the day and year first above written.

TOWN OF REEDSVILLE

By: _____
Its: Mayor

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5888380

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Clay Riley, Registered Professional Engineer, West Virginia License No. 015634, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify this 15th day of March, 2012 as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage system (the "System") of the Town of Reedsville (the "Issuer"), to be constructed in Preston County, West Virginia, which acquisition and construction are being permanently financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on February 13, 2012, as supplemented by the Supplemental Resolution of the Issuer adopted February 27, 2012 (collectively, the "Bond Legislation"), the Bond Purchase Agreement for the Series 2012 Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated March 15, 2012 (the "Bond Purchase Agreement").

2. The Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance and related costs.

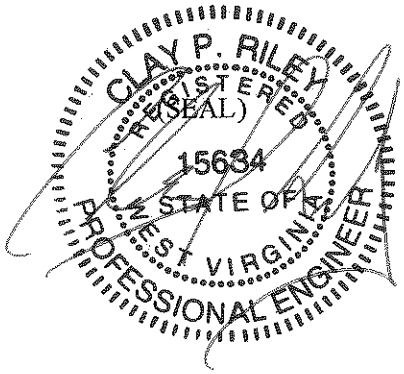
3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and the Authority and any change orders approved by the Issuer, the Authority, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and McNeer Highland McMunn & Varner LC, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the successful bidders have provided the drug-free workplace affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States

necessary for the acquisition and construction of the Project and operation of the System; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The Project has been designed to, and the construction contracts provide for, sewer service for up to 54 new customers in the Arthurdale area.

[Remainder of Page Intentionally Blank]

WITNESS my signature and seal on the day and year first written above.



THRASHER ENGINEERING, INC.

Clay Riley, P.E.
West Virginia License No. 015634

745200.00002

5888341

SCHEDULE B 02/23/12
TOWN OF REEDSVILLE
2005S-867
COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	Total	WDA Design Loan	Revised Total (Total - WDA Design Loan)	SRF Loan (38 yrs, 0%)	SRF Debt Forgiveness	IJDC Grant
1. Construction						
Contract 1 - Stonegate	989,183.00	0.00	989,183.00	410,121	539,500	39,562.00
Contract 2 - Stonegate	769,853.00	0.00	769,853.00	309,853	460,000	
Jennmar Contract	670,175.00	0.00	670,175.00	507,175		163,000.00
Contingency	87,952.00	0.00	87,952.00	43,976	0	43,976.00
Jennmar Contingency	71,680.62	0.00	71,680.62	35,325	0	36,355.62
2. Technical Services						
a. Preliminary Engineering	80,000.00	80,000.00	0.00	0	0	0.00
b. Basic Engineering	165,000.00	120,000.00	45,000.00	45,000	0	0.00
c. Inspection	150,000.00	0.00	150,000.00	150,000	0	0.00
d. Special Services	105,000.00	42,000.00	63,000.00	63,000	0	0.00
e. Asset Management	0.00	0.00	0.00	0	0	0.00
f. Jennmar Engineering Services	124,000.00	0.00	124,000.00	62,000		62,000.00
3. Legal & Fiscal						
a. Legal (Project)	30,000.00	22,150.00	7,850.00	7,850	0	0.00
b. Legal (PSC)	15,000.00	0.00	15,000.00	15,000	0	0.00
Jennmar Legal	10,000.00	0.00	10,000.00			10,000.00
c. Accounting	30,000.00	10,000.00	20,000.00	20,000	0	0.00
Jennmar Accounting	5,000.00		5,000.00			5,000.00
4. Sites & Lands	62,000.00	17,075.00	44,925.00	0	0	44,925.00
Jennmar Sites & Lands	20,000.00	0.00	20,000.00	0	0	20,000.00
5. Miscellaneous						
a. Admin	60,000.00	15,000.00	45,000.00	45,000	0	0.00
Jennmar Admin	10,000.00		10,000.00			10,000.00
b. Permits	9,500.00	300.00	9,200.00	9,200	0	0.00
6. Electrical Service	25,000.00	0.00	25,000.00	25,000	0	0.00
7. WVDOH Permit & Bonds	0.00	0.00	0.00	0	0	0.00
8. Int. Financing Costs (bond counsel; registrar; MBC fe	6,194.54	6,194.54	0.00	0	0	0.00
Principal paid on design loan	(10,050.15)	(10,050.16)				
9. Payoff WDA Design Loan		302,669.38	302,669.38	0	0	302,669.38
10 Subotal (Lines 1 through 9)	3,485,488.01		3,485,488.00	1,748,500	999,500	737,488.00
B. Cost of Financing						
11. Capitalized Interest	0.00				0	
12. Reserve	0.00				0	
13. Bond Counsel	21,000.00		21,000.00	21,000	0	0.00
14. Bank Registrar Fee	1,000.00		1,000.00	500	500	0.00
15. Total Cost of Financing (lines 11 through 14)	22,000.00		22,000.00	21,500	500	0.00
16. TOTAL PROJECT COST (line 10 plus line 15)	**3,507,488.01**		**3,507,488.00**	**1,770,000**	**1,000,000**	**737,488.00**
C. Sources of Funds						
17. Federal Grants	0.00		0.00	0	0	0.00
18. State Grants (IJDC)	737,488.00		737,488.00	0	0	737,488.00
19. Other Sources	0.00		0.00	0	0	0.00
20. TOTAL GRANTS	737,488.00		737,488.00	0	0	737,488.00
21. Size of Bond Issue	2,770,000.01		2,770,000.00	1,770,000	1,000,000	0.00

Town of Reedsville — March 15, 2012 Date

Thrasher Engineering — March 15, 2012 Date

Bennett & Dobbins PLLC

CERTIFIED PUBLIC ACCOUNTANTS

317 Cleveland Avenue
Fairmont, WV 26554-1604
Telephone: (304) 366-4295 Fax: (304) 366-4311

GARY K. BENNETT, MBA-CPA
ZACHARY D. DOBBINS, CPA

March 15, 2012

Town of Reedsville
Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

Town of Reedsville
Reedsville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of the Town of Reedsville (the "Issuer"), enacted May 9, 2011, as amended by Recommended Decision dated October 5, 2011 of the Public Service Commission of West Virginia in Case No. 11-0764-S-MA and approved by the Issuer in the Supplemental Resolution adopted February 27, 2012, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Thrasher Engineering, Inc., the Consulting Engineer to the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), issued in the principal amount of $1,770,000 and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), issued in the principal amount of $1,000,000 (collectively, the "Bonds"), and all other obligations secured by a lien on or payable from such revenues, including the Issuer's Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), dated August 22, 2001, issued in the original aggregate principal amount of $450,000 (the "Series 2001 Bonds" or the "Prior Bonds"); and that such rates and charges shall be sufficient to comply with the other requirements of the Bond Purchase Agreement.

It is my further opinion that the Net Revenues for the Fiscal Year following the year in which the Bonds are issued will be at least 120% of the average annual debt service requirements on the Bonds and the Prior Bonds.

Very truly yours,

Bennett & Dobbins PLLC

BENNETT & DOBBINS PLLC

CHARTER

OF THE

TOWN OF REEDSVILLE

ARTICLE I
POWERS OF THE CITY

SECTION 1.01. INCORPORATION.

The inhabitant of the portion of the County of Preston in the State of West Virginia within the limits of the Town of Reedsville as they now exist, or as they may hereafter be, shall be and continue a body politic and corporate in perpetuity by the name and style of "The Town of Reedsville."

SECTION 1.02. POWERS OF THE TOWN.

The town shall have all powers specifically provided for in this Charter and shall also have all the powers now or hereafter granted to municipal corporations and to cities of its class by the constitution and general laws of the State, together with all the implied powers necessary and proper to carry into execution the powers so granted, the enumeration herein of particular powers shall not be deemed exclusive, but the town shall have and may exercise all the powers which under the constitution and laws of the State it is possible for a city to have, as fully and completely as though they were specifically enumerated in this Charter.

SECTION 1.03. CONSTRUCTION.

The powers of the town under this Charter shall be construed liberally in favor of the Town, and the specific mention of particular powers in the Charter shall not be construed as limiting in any way the general power stated in this article.

SECTION 1.04. INTERGOVERNMENTAL RELATIONS.

The Town may exercise any of its powers or perform any of its functions and may participate in the financing thereof, jointly or in cooperation, by contract or otherwise, which any

one or more states or civil divisions or agencies thereof, or the United States or any agency thereof.

ARTICLE II
MAYOR

SECTION 2.01. POWER AND DUTIES OF MAYOR.

The Mayor shall be the administrative authority of the Town and shall exercise all powers and perform all duties vested in or imposed upon him or her by this Charter, ordinance, general law or rule necessarily implied therefrom in order to carry out the functions of his or her office. The Mayor shall exercise directly or through his or her authorized and duly appointed representatives, supervision over all executive and administrative work of the Town.

The Mayor shall have the following powers and duties:

(1) The Mayor shall appoint town officers and employees as provided by law, this Charter or ordinance. Such appointments shall be subject to the approval of Council. The Mayor may, except where prohibited or otherwise provided by general law, this Charter or ordinance or any duly adopted merit or civil service systems, suspend without pay or suspend without pay with intent to discharge, any Town officer or employee at his or her pleasure, whether such officer or employee was appointed by the Mayor. Such removal shall be subject to the approval of Council. Except as otherwise provided by general laws this Charter or ordinance the Mayor shall appoint members of independent boards, agencies or commissions, which appointments shall be subject to the approval of Council.

(2) The Mayor shall be the presiding officer of the Council and shall be recognized as the head of the Town government. He or she shall be a voting member of the Council, and, as such, shall be bound by all attendance regulations governing Council members. In the event of the temporary absence of the Mayor at any meeting of Council, a majority of Council members present at such meeting shall select one of their number to serve as chairman of the meeting.

(3) The Mayor shall see that all laws, ordinances and provisions of this Charter and acts of the Council, subject to enforcement by him or by officers subject to his discretion and supervision, are faithfully executed and enforced.

(4) The Mayor shall, by the 10th day of March of each year, prepare and submit the annual budget and capital program to the Council.

(5) The Mayor shall propose personnel rules, and the Council may by ordinance adopt them with or without amendment.

(6) The Mayor shall submit to Council and make available to the public complete monthly reports on the finances and administrative activities of the Town. All such reports on finances shall be made in accordance with generally accepted accounting principles for municipal governments and agencies.

(7) The Mayor shall make such other reports as the Council may require concerning the operations of the Town departments, offices and agencies subject to his direction and supervision.

(8) The Mayor shall keep the Council fully advised as to the financial condition and future needs of the Town. He or she shall make recommendations to the Council concerning the affairs of the town as he or she deems desirable.

(9) The Mayor, while occupying such office, shall not engage, directly or indirectly, or be actively interested in any business or activity which would be in conflict with the performance of his or her duties concerning the affairs or interests of the Town of Reedsville. The Mayor shall not, during his or her term of office, maintain any other commitments which interfere with the performance of the duties of the office of Mayor.

(10) The Mayor shall have the power to collect all debts owing to the town by appropriate civil action in any court of competent jurisdiction.

(11) The Mayor shall perform such other duties as are specified in this Charter or may be required by the Council.

SECTION 2.02. ELECTION AND TERM OF MAYOR.

The qualified electors of the town shall elect the Mayor from the Town at large in the manner provided in Article VII of this Charter, to serve for a term of four years.

SECTION 2.03 QUALIFICATIONS OF MAYOR.

Prior to his or her election and during his or her term of office the Mayor shall be a citizen of the State of West Virginia, and a resident of the Town of Reedsville entitled to vote.

SECTION 2.04 PROHIBITIONS.

(a) Holding Other Office. During his or her term of office, the Mayor shall hold no other elected public office, nor be employed by the Town in any other capacity. No former Mayor shall hold any compensated appointive Town office or employment until one year after the expiration of the term for which he or she was elected to office of Mayor. However, any member of any political executive committee shall not be deemed to hold an elected public office within the meaning of this section.

(b) Conflicts of Interest, Penalties. The Mayor shall not vote upon or participate in the furtherance of any matter in which he or she has, either directly or indirectly, a substantial financial or other substantial personal interest, as a member, manager, officer, bondholder or stockholder of any partnership, business, firm or corporation. Such interest shall include, but not be limited to, an interest in any contract furnishing materials, services, or supplies to the Town or to any contractor, or workmen for the town, any sale of land to or from the town, and lease to or

from the Town, annulment of any street, or any special privilege or right which may inure to his or her benefit directly or indirectly, except as such privilege may benefit him or her generally as a citizen of the community.

Concealment of such interest or willful violation of the requirements of this section shall be a malfeasance in office, and the Mayor shall forfeit his or her office. Violation of this section with the knowledge express or implied of the person, or of the corporate officer, agent or employee contracting with the City, shall render voidable by action of the Town Council, any transaction prohibited by the preceding paragraph. Removal of the Mayor for violation of the provisions of this section shall be accomplished in the manner provided by law for the removal of elected municipal officers.

SECTION 2.05 VACANCY AND ABSENCE IN OFFICE.

A vacancy in the office of Mayor, occurring for any reason, shall be filled in the same manner as that provided for filling vacancies in Council as set out in Section 3.05 of this Charter: However, whenever the Mayor is unable, because of illness or absence from the town to perform the duties of the Mayor, a Council member at large who shall be designated by a majority vote of Council shall perform the duties of the Mayor and be vested with all of his power and authority during such absence.

ARTICLE III
COUNCIL

SECTION 3.01. COMPOSITION, ELIGIBILITY, ELECTION AND TERMS.

(a) Composition. There shall be a Town Council of five members. Five shall be known as council members at large and shall be elected by the qualified voters of the Town at large.

(b) Eligibility. Only qualified voters of the State of West Virginia and residents of the Town of Reedsville shall be eligible to hold the office of council member.

(c) Election and Terms. The regular election of council members shall be held on the second Tuesday of June in each odd-numbered year, in the manner provided in Article VII. At the first election under this Charter five council members shall be elected. The five candidates for council members at large receiving the greatest number of votes shall be elected and serve for terms of four years. Commencing at the next regular election and at all subsequent regular elections, five council members shall be elected: each for a term of four years. The terms of council members shall begin the first day of July after their election.

SECTION 3.02 COMPENSATION; EXPENSES.

The council members may determine the salary of the Mayor, Recorder and of the council members. Provided however that no ordinance increasing such salaries shall become effective until the date of commencement of the next elected term of each such council member or Mayor, provided that such election follows the adoption of such ordinance by at least six months. No compensation shall be allowed for special meetings, nor for any committee meeting of the Council; provided, however, that council members shall receive their actual and necessary expenses incurred in the performance of their duties.

It is the intent of this section that no council member shall receive an increase in salary until he or she has been reelected to the position of council member.

SECTION 3.03. GENERAL POWERS AND DUTIES.

All powers of the Town shall be vested in the Council, except as otherwise provided by law or this Charter, and the Council shall provide for the exercise thereof and for the performance of all duties and obligations imposed on the Town by law.

SECTION 3.04. PROHIBITIONS.

(a) Holding Other Office. During his or her term of office, no council member shall hold any other elected public office, nor shall be employed by the Town in any other capacity and no former council member shall hold any compensated appointive Town office or employment until one year after the expiration of the term for which he or she was elected to the Council. However, any member of any political executive committee shall not be deemed to hold an elected public office within the meaning of this section.

(b) Conflicts of Interest, Penalties. No member of Council shall vote upon or participate in the furtherance of any matter in which that council member has, either directly or indirectly, a substantial financial or other substantial personal interest, as a member, manager, officer, bondholder or stockholder of any partnership, business, firm , or corporation. Such interest shall include, but not be limited to, an interest in any contract furnishing material, services, or supplies to the Town or to any contractor or workmen for the Town, any sale of land to or from the Town, any lease to or from the Town, annulment of any street, or any special privilege or right which may inure to the benefit of such council member directly or indirectly, except as such privilege may benefit him or her generally as a citizen of the community.

Any council member who willfully conceals such interest or willfully violates the requirements of this section shall be guilty of malfeasance in office and shall forfeit his or her office. Violation of this section with the knowledge express or implied of the person, or of the corporate officer, agent or employee contracting with the Town, shall render voidable by action of the Town Council, any transaction prohibited by the preceding paragraph. Removal of any

council member for violation of the provisions of this section shall be accomplished in the manner provided by law for the removal of elected municipal officers.

(c) Appointments and Removals. Except as otherwise provided for in this Charter, neither the Council nor any of its members shall in any manner dictate to the Mayor or any of his or her subordinates empowered to appoint. The Council may express its views and freely discuss with the Mayor anything pertaining to appointment and removal of such officers and employees.

(d) Interference with Administration. Except for the purpose of inquiries and investigations under Section 2.09, the Council or its members shall deal with Town officers and employees who are subject to the direction and supervision of the Mayor solely through the Mayor, and neither the Council nor its members shall give orders to any such officer or employee, either publicly or privately.

It is the intention of this subsection (d) that the Council shall act in all matters as a body, and it is contrary to the spirit of this section for any of its members to seek individually to influence the official acts of the Mayor, or any other officer, or employee, or for the Council or any of its members to direct or request the appointment of any person to, or his or her removal from, office; or to interfere in any way with the performance by such officers or employees of their duties, provided that the provisions of this subsection (d) shall not apply to alter the provisions of Section 3.07 of this article whereby council and the Mayor have supervisory powers over the Clerk.

(e) Council shall not appoint or otherwise establish permanent or standing committees for the conduct of Council business.

SECTION 3.05 VACANCIES; FORFEITURES OF OFFICE; FILLING OF VACANCIES.

(a) Vacancies. The office of council member shall become vacant upon his or her death, resignation, removal from office in any manner authorized by law or by this Charter or by forfeiture of his or her office. A vacancy shall also exist whenever a qualified person has not been elected to a position of council member under the provisions of this Charter.

(b) Forfeiture of Office. A council member shall forfeit his or her office if he or she:

(1) Becomes physically or mentally incapable to perform the duties of the office of council member,

(2) Lacks at any time during his or her term of office any qualification for the office prescribed by this Charter or by law,

(3) Violates any express prohibition of this Charter,

(4) Is convicted of a crime involving moral turpitude, or

(5) Fails to attend three consecutive regular meetings of the Council without being excused by the Council either before or after failure of attendance.

(c) Filling of Vacancies. A vacancy in the office of council member shall be filled by a majority vote of the remaining council members, who within thirty (30) days after the occurrence of the vacancy, shall appoint a qualified person to fill the vacancy. Said appointee shall serve until the next regular Town election. At the next regular election the voters shall elect a person as provided in Article VII of this Charter to serve the unexpired term, if any, If Council fails to fill any such vacancy within thirty days following the occurrence of the vacancy, the election authorities shall call a special election to fill the vacancy, to be held not sooner than 90 days and not later than 120 days following the occupancy of the vacancy and to be requirement in Section 3.11 that a quorum of the Council consists of three members, if at any time the membership of the Council is reduced to less than five, the remaining members may by majority action appoint additional members to raise the membership to five.

SECTION 3.06. JUDGE OF QUALIFICATIONS.

The Council shall be the judge of the election and qualifications of its members and of the grounds for forfeiture of their office and for that purpose shall have power to subpoena witnesses, administer oaths and require the production of evidence. A member charged with conduct constituting grounds for forfeiture of his or her office shall be entitled to a public hearing on demand, and notice of such hearing shall be published in one or more newspapers of general circulation in the Town at least one week in advance of the hearing. Decisions made by the Council under this section shall be subject to review by the courts.

SECTION 3.07. TOWN CLERK

Council shall appoint a Town Clerk who shall serve at the will and pleasure of Council. The Clerk shall be supervised by Council through the Mayor. Except as otherwise provided in this Charter the Clerk shall have the power, and it shall be his or her duty to:

(1) Give notice of and attend all meetings of the Council, keep the journal of its proceedings, authenticate by his or her signature and record in full in a book kept for the purpose of all ordinances and resolutions of the Council, prepare and keep up to date an index of all such ordinances and resolutions, and keep all such records available for public inspection.

(2) Make and certify copies of any ordinance, resolution or order of the Council whenever required to do so, and affix the corporate seal of the Town to any paper required to be sealed and to any certified copy of any paper, order or preceding which he or she may make.

(3) Perform the duties of the Town Treasurer, As such, the Clerk shall keep complete and accurate fiscal accounts and records as required by law or this Charter and in the manner prescribed by the State Tax Commissioner and other State officers having authority to prescribe therefor, and in accordance with directives from the Common Council and he or she shall render such reports as may be required of him or her by law, this Charter or other ordinance, resolution or order of Common Council.

(4) Prepare and cause to be served all notices required to be given to any person, firm or corporation, and after the proper service and return of any notice, to file and preserve the same. The Clerk shall issue all Town licenses and permits, except as may be provided otherwise.

(5) Except as may be otherwise provided in this Charter or by State Law, the Clerk, acting in capacity as Town Treasurer, shall collect taxes, fines special assessments and other money due the Town and shall be deposited promptly in the depositories designated for such purpose by the Common Council. The Mayor and such member of the committee on finance as the Council shall from time to time designate shall sign all checks, drafts and warrants against the Town treasury or any depository of the Town.

(6) Have custody of and keep available for inspection the permanent records of the Town and file and properly index all records of such Town officers and departments as the Mayor may direct.

(7) Perform such other duties as may be required of him or her by this Charter, by general law, or by Town ordinance or order of the Mayor not inconsistent with this Charter or with general law.

(8) The Town Clerk shall be permitted to delegate the ministerial functions of his or her position but shall retain full responsibility for the proper performance of his or her duties as set forth herein.

It is the intention of this section that the Council shall have supervisory power over the Clerk, but that such power be exercised through he Mayor. As previously provided in this Charter, the Council is intended to act as one body, and it is contrary to the spirit of this Charter for any of its members to individually influence or direct the performance of the Clerk's duties.

SECTION 3.08 TOWN RECORDER.

The Town Recorder shall be elected at the same time and in the same manner as the Mayor and council. The duties of the Town Recorder shall be:

1. Take and log all minutes of Council meetings.

2. Prepare agenda and notices for the meetings.
3. Sign and record all ordinances.
4. Attend all Town meetings.
5. Coordinate and assist with elections.
6. Act as a co-signator for expenditure checks issued if requested by counsel.
7. Assist in the preparation and publication of all Levy and Budget documents.

SECTION 3.09 INVESTIGATIONS.

The Council may make, or cause to be made, inquiries or investigations into the affairs of the Town and the conduct of any Town department, officer, agency, board, authority or commission and for this purpose invite or subpoena witnesses, administer oaths, take testimony and require the production of evidence. A written report of the findings of fact shall be made to the Council within a reasonable time of the conclusion of any inquiry or investigation conducted under this section, which report shall be made a public record. There may be deleted from such report any matter permitted by State Code to be discussed in a closed or executive session provided that no such finding of fact deleted from the report shall be the exclusive basis of any punitive or disciplinary action, nor shall it be the basis for the denial of due process. Any person who fails or refuses to obey a lawful order issued in the exercise of these powers by the Council shall be guilty of a misdemeanor and punishable by a fine of not less than $50.00 or more than $500.00.

Inquiries or investigations under this section shall be conducted only at meetings called especially for the purpose of conducing an inquiry or investigation.

SECTION 3.11. INDEPENDENT AUDIT.

The Council shall provide for an independent annual audit of all Town accounts and may provide for such more frequent audits as it deems necessary. Such audits shall be made by a certified public accountant or firm of such accountants who have no personal interest, direct or indirect, in the fiscal affairs of the Town government or any of its officers. The Council may, without requiring competitive bids, designate such accountant or firm annually or for a period not exceeding three years, provided that the designation for any particular fiscal year shall be no later than 30 days after the beginning of the fiscal year. If the State makes such an audit, the Council may accept it as satisfying the requirements of this section.

SECTION 3.12. PROCEDURE.

(a) Meetings. The Council shall meet regularly on the 2nd and 4th Mondays every month at such times and places as the Council may prescribe by rule. Special meetings may be held on the call of the Mayor or three or more members of Council and, whenever practicable,

upon no less than 24 hours notice. All meetings shall be public: however, the Council may recess for the purpose of discussing in a closed or executive session limited to its own membership any matter which is permitted by the State Code to be discussed in a closed or executive session, provided that the general subject matter for consideration is expressed in the motion calling for such a session and that final action thereon shall not be taken by the Council unless the matter has been placed on the agenda. No action shall be taken on any matter by Council except by vote thereof in open meeting.

(b) Rules and Journal. The Council shall determine its own rules and order of business and shall provide for keeping a journal of its proceedings. This journal shall be a public record.

(c) Voting. Voting, except on procedural motions, shall be by roll call and the yeas and nays shall be recorded in the journal. Three members of the Council shall constitute a quorum, but a smaller number may adjourn from time to time and may compel the attendance of absent members in the manner and subject to the penalties prescribed by the rules of Council. No action of the Council, except as otherwise provided in the preceding sentence and in Section 3.05, shall be valid or binding unless adopted by the affirmative vote of three or more members of the Council.

SECTION 3.13. ACTION REQUIRING AN ORDINANCE.

In addition to other acts required bylaw or by specific provision of this Charter to be done by ordinance, those acts of the Town Council shall be done by ordinance which:

(1) Adopt or amend an administrative code or establish, alter or abolish any Town department, office, agency, board, authority or commission;

(2) Provide for a fine or other penalty or establish a rule or regulation for violation of which a fine or other penalty is imposed;

(3) Levy taxes, except as otherwise provided in Article V with respect to the property tax levied by adoption of the budget. Provide for the collection of fees of any lawful kind;

(4) Grant, renew or extend a franchise;

(5) Regulate the rate charged for its services by a public utility;

(6) Authorize the borrowing of money;

(7) Convey or lease or authorize the conveyance or lease of any lands from the Town or to the Town;

(8) Require a license to do business;

(9) Provide for a public improvement;

(10) Lay out or vacate a public street, avenue, road, alley or way;

(11) Relate to planning or zoning;

(12) Provide for a contractual or other agreement with another jurisdiction;

(13) Change ward boundaries;

(14) Adopt with or without amendment ordinances proposed under the initiative power; and

(15) Amend or repeal any ordinance previously adopted, except as otherwise provided in Article VII with respect to repeal of ordinances reconsidered under the referendum power.

Acts other than those referred to in the preceding sentence may be done either by ordinance or resolution.

SECTION 3.14 ORDINANCES IN GENERAL

(a) Form. Every proposed ordinance shall be introduced in writing and in the form required for final adoption. No ordinance shall contain more than one subject which shall be clearly expressed in its title. The enacting clause shall be "The Town of Reedsville hereby ordains...". The enacting clause shall be existing ordinance or part of the Town Code shall set out in full the ordinance, sections or subsections to be repealed or amended, and shall indicate matter to be omitted by enclosing it in brackets or by strikeout type and shall indicate new matter by underscoring or by italics.

(b) Procedure. Any and all ordinances shall be adopted, in accordance with the following requirements, except where different or additional requirements are specified by law, in which event such other different or additional requirements shall be applied.

The Council may by ordinance specify other additional requirements for the enactment of ordinances or may prescribe a procedure for the enactment of ordinances in greater detail than prescribed by the Charter, but the Council shall not, except in an emergency as specified in Section 3.14 or except as otherwise provided by law, lesson or reduce the requirements of this Charter.

(1) An ordinance may be introduced by any member at any regular or special meeting of the Council. Upon introduction of any ordinance, the Town Clerk shall read fully and distinctly the proposed ordinance in its entirety, shall distribute a copy to each Council member, and shall file a reasonable number of copies in the office of the Town Clerk. Codes of technical regulations need not be read aloud.

(2) A proposed ordinance shall be read by title at a second or succeeding meeting of Council with at least two weeks intervening between each meeting, unless a member demands that the ordinance be read in full at the second or succeeding meeting. If such demand is made, the ordinance shall be read in full as demanded,

provided however that codes of technical regulations need not be read aloud.

(3) A proposed ordinance which raises revenues for the Municipality or imposes fees or costs shall be read by title at a third or succeeding meeting of Council with at least two weeks intervening between each meeting, unless a member demands that the ordinance be read in full at the third or succeeding meeting. If such demand is made, the ordinance shall be read in full as demanded.

(4) At least five days before the meeting at which a proposed ordinance, the principal object of which is the raising of revenue for the Municipality, is to be adopted, the Council shall cause notice of the proposed adoption of said proposed ordinance to be published as a Class I-0 legal advertisement in compliance with the provisions of Article Three (Section 9-3-1 et seq.) Chapter Fifty-Nine of the West Virginia Code, and the publication area for such publication shall be the Municipality. The notice shall state the subject matter and general title or titles of such proposed ordinance, the date, time, and place of the proposed final adoption, and the place or places within the Municipality where such proposed ordinance may be inspected by the public. A reasonable number of copies of the proposed ordinance shall be kept at such place or places and be made available for the public inspection. Said notice shall also advise that the interested parties may appear at the meeting and be heard with respect to the proposed ordinance.

(c) The Council may adopt, by ordinance, building codes, housing codes, or any other code of technical regulations dealing with general public health, safety or welfare, or a combination of the same, or a comprehensive code of ordinances. Before any such ordinance shall be adopted, the code shall either be printed or typewritten and shall be made available for public inspection. The ordinance adopting such code shall not set out said ordinance shall be the same as on any other ordinance. After adoption of the ordinance, such code or codes shall be certified by the Mayor and shall be filed as a permanent record in the office of the Clerk, who shall not be required to transcribe and record the same in the ordinance book as other ordinances are transcribed and recorded. It shall not be necessary that any such ordinance, wither as proposed or after adoption, be published in any newspaper, and it shall not be necessary that the code itself be so published, but before final adoption of such proposed ordinance notice of the proposed adoption of such ordinance and code shall be given by publication and public hearing as herein provided for in Section 3.13(b)(4), which notice shall also state where, within the Municipality, the code or codes will be available for public inspection.

A copy of each adopted code of technical regulations as well as of the adopting ordinance shall be authenticated and recorded by the Town Clerk pursuant to subsection 3.14(a). A copy of any adopted code of technical regulations shall be made available by the Town Clerk for inspection by the public.

(d) The Town shall not, except in an emergency as specified in Section 3.14 or except as otherwise provided by law, have the power and authority to lessen or reduce the requirements of this section.

SECTION 3.16. AUTHENTICATION AND RECORDING; CODIFICATION; PRINTING.

(a) Authentication and Recording. The Town Clerk shall authenticate by his or her signature and record in full in a properly indexed book kept for the purpose all ordinances and resolutions adopted by the Council.

(b) Codification. Within three years after adoption of this Charter and at least every ten years thereafter, the Council shall provide for the preparation of a general codification of all Town ordinances and resolutions having the force and effect of law. Then general codification shall be adopted by the Council by ordinance and shall be published promptly in bound or loose-leaf form, together with this Charter and any amendments thereto, pertinent provisions of the constitution and other laws of the State of West Virginia, and such codes of technical regulations and other rules and regulations as the Council may specify. This compilation shall be known and cited officially as the Reedsville Town Code. Copies of the code shall be furnished to Town officers, placed in public offices for free reference and made available for purchase by the public at a reasonable price fixed by the Town Clerk.

(c) Printing of Ordinances and Resolutions. Except as hereinafter provided, the Council shall cause each ordinance and resolution having the force and effect of law and each amendment to this Charter to be printed promptly following its adoption, and the printed ordinances, resolutions and Charter amendments shall be distributed or sold to the public at reasonable prices to be fixed by the Town Clerk. Following publication of the first Reedsville Town Code and at all times thereafter, the ordinances, resolutions and Charter amendments shall be printed in substantially the same style as the code currently in effect and shall be suitable in form for integration therein. The Council shall make such arrangements as it deems appropriate with respect of reproduction and distribution of any current changes in or additions to the provisions of the constitution and other laws of the State of West Virginia, or the codes of technical regulations and other rules and regulations included in the code.

ARTICLE IV
ADMINISTRATIVE DEPARTMENTS

SECTION 4.01. GENERAL PROVISIONS.

(a) Creation of Departments. The Council may establish departments, offices or agencies in addition to those created by this Charter and may prescribe the functions of all departments, offices and agencies, except that no function assigned by this Charter to a particular department, office or agency may be discontinued or, unless this Charter specifically so provides, assigned to any other.

(b) Direction by Mayor. Each department, office and agency under the direction and supervision of the Mayor shall be administered by an officer appointed by and subject to the direction and supervision of the Mayor, except as otherwise provided in Article III, Section 3.07. With the consent of Council, the Mayor may serve as the head of one or more such departments, offices or agencies or may appoint one person to serve as the head of the departments. The same person may serve as the head of more than one department.

SECTION 4.02. BOARDS, AUTHORITIES AND COMMISSIONS.

The Council may by ordinance create, alter, or abolish such agencies, in the form of boards, authorities or commissions, as it may deem necessary in order to perform any Municipal functions, and to confer powers, authorities or commissions shall not be under the direction or supervision of the Mayor, but every ordinance creating such board, authority or commission shall provide for periodic reports, at least quarterly, or as otherwise required by law, to the Mayor, or to the Council and the Mayor, indicating the board's financial condition and such other reports and information as the Council or Mayor may require.

SECTION 4.03. MUNICIPAL COURT, JUDGE, POWERS, DUTIES AND PROCESS.

(a) Municipal Court and Judge. There shall be a Municipal Court and a Judge thereof, who shall be the Mayor.

In the event of the temporary absence or disability of the Mayor, council, in his/her absence or disability, shall appoint a person similarly qualified to serve as Judge during such absence or disability. Such appointment shall remain in effect until the next regular meeting of the Council at which time the Council shall again appoint a similarly qualified person to serve during the period of such temporary absence or disability.

(b) Powers and Duties. The Judge shall preside over the Municipal Court and shall have all of the judicial powers, authorities, and duties granted to police and /or municipal courts by the laws of the State. The Judge/Mayor shall have power to issue warrants, upon

complaint under oath of any officer for the arrest of anyone charged with any Municipal offense within the jurisdiction of the Court or for search and seizure in connection with violation of a Municipal ordinance, The Judge/Mayor shall try and determine all cases over which the Court has jurisdiction and, within the limits prescribed by ordinance or general law, shall have power to punish by fine. The Judge/Mayor shall have the power to summons persons or subpoena witnesses for the trial of any case before the Court, to compel the attendance of police officers of the Town or to require the Chief of Police to enforce all judgments or orders entered by the Court in the exercise of its powers. The Judge/Mayor shall have such other powers and duties as Council may by ordinance provide pursuant to general law.

(c) Process. All warrants and other process and orders of the Court shall be signed by the Judge/Mayor and may be directed to the Chief of Police, to be executed by him, her or by his or her subordinates at any place within Preston County. The officer executing any such warrant, process or order shall have the same liability as a County Sheriff of the State of West Virginia in the performance of like duties or services.

SECTION 4.04. TOWN ATTORNEY.

There may be a Town Attorney appointed by the Mayor with the advice and consent of Council who shall serve as chief legal advisor to the Council and the Mayor. The Town Attorney shall be a member of the Preston County Bar. The Council may provide for the employment of, in addition to the Town Attorney, assistant Town Attorneys as special counsel to represent the Town in connection with any legal matter or matters. Town Council shall fix or approve the compensation of such attorneys.

SECTION 4.05 PERSONNEL SYSTEM.

(a) Merit Principle. All appointments and promotions of Town officers and employees shall be made solely on the basis of merit and fitness demonstrated by a valid and reliable examination or other evidence of competence.

(b) Merit System. Consistent with all applicable federal and state laws the Town Council shall provide by ordinance, for the establishment, regulation and maintenance of a merit system governing personnel policies necessary to effective administration of the employees of the Town's offices and agencies, including but not limited to any pay plans, examinations, force reduction, removals, working conditions, provisional and exempt appointments, in-service training, grievances and relationships with employee organizations.

ARTICLE V
FINANCIAL PROCEDURES

SECTION 5.01. FISCAL YEAR.

The fiscal year shall begin on the first day of July and end on the last day of June.

SECTION 5.02. SUBMISSION OF BUDGET AND BUDGET MESSAGE.

On or before the 10th day of March of each year, the Mayor shall submit to the Council a budget for the ensuing fiscal year.

SECTION 5.03. BUDGET MESSAGE.

The Mayor's budget message shall explain the budget, both in fiscal terms and in terms of work programs. It shall outline proposed financial policies of the Town for the next fiscal year, describe important features of the budget, indicate all major changes from the current year in financial policies, expenditures and revenues together with the reason for such changes, summarize the Town's debt position and include such other material as the Mayor deems desirable.

SECTION 5.04. BUDGET.

The budget shall provide a complete financial plan of all Town funds and activities for the ensuring fiscal year and, except as required by law or this Charter, shall be made in accordance with generally accepted accounting principles for municipal governments and agencies. In organizing the budget the Mayor shall utilize the most feasible combination of expenditure classification by fund, organization unit, program, purpose or activity, and object. It shall begin with a clear general summary of its contents; shall show in detail all estimated income and all proposed expenditures, including debt service, for the ensuring fiscal year; and shall be so arranged as to show comparative figures for actual and estimated income and expenditures of the current fiscal year and actual income and expenditures of the preceding fiscal year. It shall indicated in separate sections:

(a) Proposed expenditures for current operations during the ensuing fiscal year, detailed by offices, departments and agencies in terms of their respective work programs, and the method of financing such expenditures;

(b) Proposed capital expenditures during the ensuing fiscal year, detailed by offices, departments and agencies when practicable, and the proposed method of financing each such capital expenditure;

(c) Anticipated net surplus or deficit for the ensuring fiscal year of each utility or other facility giving detailed income and expenditure information shall be attached as appendices to the budget.

The total of proposed expenditures shall not exceed the total of estimated income.

(d) All Budgetary matter shall be consistent with West Virginia Code.

SECTION 5.05 CAPITAL PROGRAM.

(a) Submission to Council. The Mayor may prepare and submit to the Council a five-year capital program at least three months prior to the final date for submission of the budget.

(b) Contents. The capital program should include:

(1) A clear general summary of its contents;

(2) A list of all capital improvements which are proposed to be undertaken during the five fiscal years next ensuing, with appropriate supporting information as to the necessity for such improvements;

(3) Cost estimates, method of financing and recommended time schedules for each such improvements; and

(4) The estimated annual cost of operating and maintaining the facilities to be constructed or acquired.

The above information shall be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition.

SECTION 5.06. COUNCIL; ACTION ON BUDGET.

(a) Notice and Hearing. The Council shall publish in one or more newspapers of general circulation in the Town the general summary of any capital program and stating:

(1) The times and places where copies of the message and budget are available for inspection by the public, and

(2) The time and place, not less than two weeks after such publication, for a public hearing on the budget.

(b) Amendment Before Adoption. After the public hearing, the Council may adopt the budget with or without amendment, In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than the total of estimated income.

(c) Adoption. Council shall adopt the proposed budget on or before the 20th day of March of the current fiscal year for the next fiscal year and submit it to the West Virginia Auditors Office for approval no later than March 28th of the current fiscal year.

SECTION 5.07. COUNCIL; ACTION ON CAPITAL PROGRAMS.

(a) Notice and Hearing. The Council shall publish in one or more newspapers of general circulation in the Town the general summary of any capital program and a notice stating:

(1) The times and places where copies of any capital program are available for inspection by the public, and

(2) The time and place, not less than two weeks after such publication, for a public hearing on the capital program.

(b) Adoption. The Council by resolution shall adopt the capital program with or without amendment after the public hearing.

SECTION 5.08. PUBLIC RECORDS.

Copies of the budget and any capital program as adopted shall be public records and shall be made available to the public.

SECTION 5.09. AMENDMENTS AFTER ADOPTION.

(a) Supplemental Appropriations. If during the fiscal year the Mayor certifies that there are available for appropriation revenues in excess of those estimated in the budget, the Council by Resolution or Motion and vote during council meeting may make supplemental appropriations for the year up to the amount of such excess, consistent with budgetary revisions consistent with West Virginia Code.

(b) Emergency Appropriations. To meet a public emergency affecting life, health, property or the public peace, the Council may make emergency appropriations. Such appropriations may be made by emergency Resolution or Motion and vote during council meeting in accordance with provisions of Section 3.13. To the extent that there are no available unappropriated revenues to meet such appropriations, the Council may by such emergency ordinance authorize the issuance of emergency notes, which may be renewed from time to time, but the emergency notes and renewals of any fiscal year shall be paid not later than the last day of the fiscal year next succeeding that in which appropriation was made, consistent with budgetary revisions consistent with West Virginia Code.

(c) Reduction of Appropriations. If at any time during the year it appears probable to

the Mayor that the revenues available will be insufficient to meet the amount appropriated, he or she shall report to the Council without delay, indicating the amount of the deficit, any remedial action taken by him or her and his or her recommendations as to any other steps to be taken, The Council shall then take such further action as it deems necessary to prevent or minimize any deficit, and for that purpose it may by Resolution or Motion and vote during council meeting reduce one or more appropriations, consistent with budgetary revisions consistent with West Virginia Code.

(d) Transfer of Appropriations. At any time during the fiscal year the Mayor may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency and, upon written request by the Mayor, the Council may approve transfer part or all of any unencumbered appropriation balance from one department, office or agency to another, consistent with budgetary revisions consistent with West Virginia Code.

(e) Limitations; Effective Date. No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof. The supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption.

SECTION 5.10 LAPSE OF APPROPRIATIONS.

Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.

SECTION 5.11. ADMINISTRATION OF BUDGET.

(a) Work Programs and Allotments. At such time as the Mayor shall specify, each department, office or agency shall submit work programs for the ensuring fiscal year showing the requested allotments of its appropriation by periods within the year. The Mayor shall review and authorize such allotments with or without revision as early as possible in the fiscal year. He or she may revise such allotments during the year if he or she deems it desirable and shall revise them to accord with any supplemental, emergency, reduced or transferred appropriations made pursuant to Section 5.09.

(b) Payments and Obligations Prohibited. No payment shall be made or obligation

incurred against any allotment or appropriation except in accordance with appropriations duly made and unless the Mayor or his or her designee first certifies that there is sufficient unencumbered balance in such allotment or appropriation and that sufficient funds therefrom are or will be available to cover the claim or meet the obligation when it becomes due and payable, Any authorization of payment or incurring of obligation in violation of the provisions of this Charter shall be void and any payment so made illegal; such action shall be cause for removal of any officer who knowingly authorized or made such payment or incurred such obligation, and he or she shall also be liable to the Town for any amount so paid. However, except where prohibited by law, nothing in this Charter shall be construed to prevent the making or authorizing of payments or making of contracts for capital improvements to be financed wholly or partly by the issuance of bonds or to prevent the making of any contract or lease providing for payments beyond the end of the fiscal year, provided that such action is made or approved by ordinance.

ARTICLE VI
PLANNING AND ZONING

SECTION 6.01. CREATION.

The Council may create a planning Commission and a Board of Zoning Appeals, and such other administrative bodies as it now is, or may hereafter been authorized to create pursuant to the provisions of the Code of West Virginia, Chapter 8, Article 24, as amended; and establish all rules and regulations pertaining thereto.

SECTION 6.02. PLANNING COMMISSION.

It is intended that the Planning Commission shall serve in an advisory capacity to the Council. Any Planning Commission shall operate as though established under the provisions of the Code of West Virginia, Chapter 8, Article 24, as amended. All actions lawfully taken by prior commissions and boards are validated and continued in effect until amended or repealed by action taken under the authority of said Article. The membership of existing commissions and boards shall continue until changed by law or vote of a majority of all the members of Council.

SECTION 6.03. COMPREHENSIVE PLAN.

In its advisory capacity, the Planning Commission shall review and make recommendations on any matter to be considered by Council which is specifically related to zoning and/or the comprehensive plan (if any), including land and development regulations and the capital program provided for in Article V, Section 5.05.

SECTION 6.04 VACANCIES IN OFFICE OF PLANNING COMMISSION.

The office of a member of the Planning Commission and the office of a member of the

Board of Zoning Appeals shall become vacant upon his or her death, resignation, removal from office, failure to meet the requirements for appointment to the commission or board, or failure to attend three consecutive regular meetings without being excused by the Commission or by the Board, as the case may be, either before or after such failure of attendance.

ARTICLE VII
NOMINATIONS AND ELECTIONS

SECTION 7.01. TOWN ELECTIONS.

(a) Regular Elections. The regular election shall be held the second Tuesday of June in each off-numbered year provided that this Charter is first voted on and approved by the voters of the Town.

(b) Qualified Voters. All citizens qualified by the constitution and laws of the State of West Virginia to vote in the Town and who satisfy the requirements for registration prescribed by law shall be qualified voters of the Town within the meaning of this Charter.

(c) Conduct of Elections. Except as otherwise provided by this Charter, the provisions of the general election laws of the State of West Virginia shall apply to elections held under this Charter. All elections provided for by the Charter shall be conducted by the election authorities established by law. For the conduct of Town elections, for the prevention of fraud in such elections and for recount of ballots in cases of doubt or fraud, the Council shall adopt by ordinance all regulations which it considers desirable, consistent with law and this Charter, and the election authorities may adopt, and if they adopt shall publicize, further regulations consistent with law and this Charter and the regulations of the Council.

SECTION 7.02. NOMINATIONS.

(a) Petitions. Candidates for election to the offices of Mayor, Recorder or to the Town Council need not be nominated by petition. Any citizen of the State of West Virginia who is a resident of the Town of Reedsville entitled to vote may run for Town office.

(b) Filing and Acceptance.

(1) All candidates for office shall file a certificate of announcement between the second Monday of January and the first Saturday of February before the election.

(2) Candidate filing fee for the offices of Mayor, Recorder and Council shall be $10.00.

(c) Procedure after Filing. Within ten days after the filing of a certificate of

announcement, the Town Clerk shall notify the candidate and the person who filed the certificate whether or not it satisfies the requirements prescribed by this Charter. If a certificate is found insufficient, the Town Clerk shall return it immediately to the person who filed it with a statement certifying wherein it is found insufficient. Within the regular time for filing certificate, such a certificates may be amended and filed again as a new certificate or a different certificate may be filed for the same candidate. The Town Clerk shall keep on file all certificates found sufficient at least until the expiration of the term for which the candidates are nominated in those petitions. A person may file a certificate for only one office.

SECTION 7.03. BALLOTS, MAYORAL; COUNCIL; RECORDER.

(1) The names of all candidates nominated for Mayor, except for those who have withdrawn, died or become ineligible, shall be printed on the official ballots without party designation or symbol under a heading reading: "Nominees for Mayor:.

(2) The names of all candidates nominated for Recorder, except for those who have withdrawn, died or become ineligible, shall be printed on the official ballots without party designation or symbol under a heading reading: "Candidates for Recorder."

(3) The full names of all candidates nominated for Town Council, except those who have withdrawn, died or become ineligible, shall be printed on the official ballots without party designation or symbol under a heading reading: "Candidates for council member."

(4) If two or more candidates have the same surname or surnames so similar as to be likely to cause confusion, their residence addresses must be printed with their names on the ballot.

(5) The listing of mayoral candidates shall always precede the list(s) of Council candidates and candidates for recorder.

(6) Ballot positions are determined by a required drawing for ballot position for office whenever more than one candidate has filed, or in a partisan general election. State law sets the drawing on the fourth Tuesday after the close of the candidate filing or on the seventieth day next preceding the general election.

(7) There should not be separate ballots for mayoral, recorder and council candidates.

SECTION 7.04. DETERMINATION OF ELECTION RESULTS.

(a) Number of Votes. Every voter shall be entitled to vote for as many candidates for council member as there are council members to be elected and if wards are later created , to vote for one candidate for ward council member to represent the ward in which the voter resides and to vote for one candidate for the office of Mayor.

(b) Majority. (Defined as 50% of the total votes cast for a particular office plus 1 vote)

(1) Any candidate for Mayor who receives a majority vote shall be declared elected. If none of the candidates for Mayor receive a majority vote, none of such candidates shall be declared elected. A run-off election between the two (2) mayoral candidates receiving the most votes shall be scheduled and published/advertised as soon as practical.

(2) The top five (5) vote getters for the office of council member shall be declared elected, regardless of the number of votes.

(c) Second Election. All ties in the election shall be decided by lot in the presence of the candidates concerned and under the direction of the election authorities.

SECTION 7.05. BALLOTS FOR ORDINANCE AND CHARTER AMENDMENTS. An ordinance or Charter amendment to be voted on by the Town shall be presented for voting by ballot title. The ballot title of a measure may differ from its legal title and shall be a clear, concise statement describing the substance of the measure without argument or prejudice. Below the ballot title shall appear the following question: 'Shall the above described [ordinance] [amendment] be adopted?" Immediately below such question shall appear, in the following order, the words "yes" and "no" and to the left of each a square in which by marking a cross (X) the voter may cast his vote.

SECTION 7.06. VOTING MACHINES. The Council may provide for the use of mechanical or other devices for voting or counting the votes not inconsistent with law.

SECTION 7.07. AVAILABILITY OF LIST OF QUALIFIED VOTERS. If for the purpose relating to a general or Town election or to candidates or issues involved in such an election, any organization, group or person requests a list of the qualified voters of the Town, said group person or organization shall be directed to the Preston County Clerk, which has custody of a list for the County.

SECTION 7.08. WARDS, ADJUSTMENTS OF WARDS.

(a) Number of Wards. There shall be one Town Council ward, with all five positions

running as "at large" council members.

(b) Council may amend the Charter to establish multiple wards as they deem appropriate.

ARTICLE VIII: INITIATIVE, REFERENDUM AND RECALL

SECTION 8.01. INITIATIVE. The qualified voters of the Town shall have power to propose ordinances to Council and, if the Council fails to adopt an ordinance so proposed without any change in substance, to adopt or reject it at a regular Town election, or at an election called specifically for that purpose, provided that such power shall not extend to the budget or capital program or any ordinance relating to appropriation of money, levy of taxes, imposition of costs, fees or fines, or salaries of Town officers or employees.

SECTION 8.02. REFERENDUM. The qualified voters of the Town shall have power to require reconsideration by the Council of any adopted ordinance and, if the Council fails to repeal an ordinance so reconsidered, to approve or reject it at a regular Town election, or at an election called specifically for that purpose, provided that such power shall not extend to the budget or capital program or any emergency ordinance or ordinance relating to appropriation of money or levy of taxes, imposition of costs, fees or fines, or salaries of Town officers or employees.

SECTION 8.03. INITIATIVE AND REFERENDUM COMMENCEMENT PROCEEDINGS; PETITIONERS' COMMITTEE; AFFIDAVIT.

Any one hundred qualified voters may commence initiative or referendum proceedings by filing with the Town Clerk an affidavit stating they will constitute the petitioners' committee and be responsible for circulating the petition and filing it in proper form, stating their names and addresses and specifying the address to which all notices to the committee are to be sent, and setting out in full the proposed initiative ordinance or citing the ordinance sought to be reconsidered. Promptly after the affidavit of the petitioners' committee is filed the Clerk shall issue the appropriate blanks to the petitioners' committee.

SECTION 8.04. PETITIONS.

(a) Number of Signatures. Initiative and referendum petitions must be signed by qualified voters of the Town equal in number to at least ten percent of the total number of qualified voters registered to vote at the last regular Town election.

(b) Form and Content. All papers of a petition shall be uniform in size and style and shall be assembled as one instrument for filing. Each signature shall be executed in ink or indelible pencil and shall be followed by the address of the person signing. Petitions shall contain or have attached thereto throughout their circulation the full text of the ordinance proposed or sought to be reconsidered.

(c) Affidavit of Circulation. Each paper of a petition shall have attached to it when filed an affidavit executed by the Circulation thereof stating that he or she personally circulated the paper, the number of signatures thereon, that all the signatures were affixed in his or her presence, that he or she believes them to be the genuine signatures of the persons whose names they purport to be and that each signer had an opportunity before signing to read the full text of the ordinance proposed or sought to be reconsidered.

(d) Time for Filing Referendum Petitions. Referendum petitions must be filed within 60 days after adoption by the Council of the ordinance sought to be reconsidered.

SECTION 8.05. PROCEDURE AFTER FILING. (a) Certificate of Clerk; Amendment. Within twenty days after the petition is filed, the Clerk shall complete a certificate as to its sufficiency, specifying, if it is insufficient, the particulars wherein it is defective and shall promptly send a copy of the certificate to the petitioners' committee by registered mail. A petition certified insufficient for lack of the required number of valid signatures may be amended once if the petitioners' committee files a notice of intention to amend it with the Clerk within two days after receiving the copy of his certificate and files a supplementary petition upon additional papers within ten days after receiving the copy of such certificate. Such supplementary petition shall comply with the requirements of subsections (b) and (c) of Section 8.04, and within five days after it is filed the Clerk shall complete a certificate as to the sufficiency of the petition as amended and promptly send a copy of such certificate to the petitioners' committee by registered mail as in the case of an original petition. If a petition or amended petition is certified sufficient, or if a petition or amended petition is certified insufficient and the petitioners' committee does not elect to amend or request Council review under subsection (b) of this section within the time required, the Clerk shall promptly present his or her certificate to the Council and the certificate

shall then be a final determination as to the sufficiency of the petition.

(b) Council Review. If a petition has been certified insufficient and the petitioners' committee does not file notice of intention to amend it or if an amended petition has been certified insufficient, the committee may, within two days after receiving the copy of such certificate, file a request that it be reviewed by the Council. The Council shall review the certificate at its next meeting following the filing of such request and approve or disapprove it, and the Council's determination shall then be a final determination as to the sufficiency of the petition.

(c) Court Review: New Petition. A final determination as to the sufficiency of a petition shall be subject to court review. A final determination of insufficiency, even if sustained upon court review, shall not prejudice the filing of a new petition for the same purpose.

SECTION 8.06. REFERENDUM PETITIONS; SUSPENSION OF EFFECT OF ORDINANCE.

When a referendum petition is filed with the Town Clerk, the ordinance sought to be reconsidered shall be suspended from taking effect. Such suspension shall terminate when: (1) There is final determination of insufficiency of the petition, or (2) The petitioners' committee withdraws the petition, or (3) The Council repeals the ordinance, or (4) Thirty days have elapsed after a vote of the Town on the ordinance, or (5) Upon certification of the results of the referendum election.

SECTION 8.07. ACTION ON PETITIONS. (a) Action by Council. When an initiative or referendum petition has been finally determined sufficient, the Council shall promptly consider the proposed initiative ordinance in the manner provided in Article M or reconsider the referred ordinance by voting its repeal. If the Council fails to adopt a proposed initiative ordinance without any change in substance within 60 days or fails to repeal the referred ordinance within 30 days after the date the petition was finally determined sufficient, it shall submit the proposed or referred ordinance to the voters of the Town.

(b) Submission to Voters. The vote of the Town on a proposed or referred ordinance shall be held not less than 30 days and not later than one year from the date of the final Council vote thereon. If no regular Town election is to be held within the period prescribed in this subsection, the Council shall provide for a special election; otherwise, the vote shall be held at the same time as such regular election, except that Council may in its discretion provide for a special election at an earlier date within the prescribed period. Copies of the proposed or referred ordinance shall be made available at the polls.

(c) Withdrawal of Petitions. An initiative or referendum petition may be withdrawn at any time prior to the fifteenth day preceding the day scheduled for a vote of the Town by filing with the Town Clerk a request for withdrawal signed by at least four members of the petitioners' committee. Upon the filing of such request the petition shall have no further force or effect and all proceedings thereon shall be terminated.

SECTION 8.08. POWER OF RECALL.

The qualified electors shall have the power to recall the Mayor, Recorder or any member of Council whether elected by popular vote or selected to fill a vacancy, and may exercise such power by filing with the Town Clerk a petition signed by qualified electors of the Town equal in number to at least twenty percent of the registered voters at the last general municipal election. The petition shall be signed and verified in the manner required for an initiative petition, shall contain a demand for the removal of the elected official or officials, and shall state with reasonable specificity those acts or conduct constituting official misconduct, malfeasance in office, incompetence, neglect of duty or gross immorality for which the removal is sought.

SECTION 8.09. ELECTION UNDER RECALL PETITION.

The Town Clerk shall, in the manner hereinbefore provided for initiative and referendum petitions, certify to Council the sufficiency of the recall petition. Thereafter Council shall cause a special election to be held in not less than forty-five days nor more than ninety days from the date of such certification. The published notice of such special election shall contain the reasons for demanding the recall in not more than two hundred words and a justification by the official sought to be recalled within the same limits; provided, however, that if the petition seeks to recall more than one official each official may provide a justification of not more than one hundred words. Ballots shall be in the following form:

"Shall _____ be removed (from the Council) (as Mayor) (as Recorder) of the Town of Reedsville?

_____ FOR THE RECALL OF (NAME)_____

_____ AGAINST THE RECALL OF (NAME)_____

Upon notification by Council of the results of the election, if a majority of those voting on the question have favored recall, the office of the individual so recalled shall be vacant. Provisions of this Charter with respect to general municipal elections shall determine election procedure insofar as applicable.

SECTION 8.10. FILLING VACANCY CAUSED BY RECALL.

When a vacancy occurs on the result of a recall election or when an officer resigns after a recall petition certified by the Town Clerk to be sufficient is presented to Council, the vacancy shall be filled in accordance with the provisions of Section 3.05 of this Charter.

SECTION 8.11. LIMITATIONS ON RECALL. No recall petition shall be filed against an officer within six months after he or she takes office nor within six months prior to the end of his or her term. No officer shall be subjected to more than one recall election during a term of office.

SECTION 8.12. RESULTS OF ELECTION.

(a) Initiative. If a majority of the qualified electors voting on a proposed initiative ordinance vote in its favor, it shall be considered adopted upon certification of the election results and shall be treated in all respects in the same manner as ordinances of the same kind adopted by the Council. If conflicting ordinances are approved at the same election, the one receiving the greatest number of affirmative votes shall prevail to the extent of such conflict.

(b) Referendum. If a majority of the qualified electors voting on a referred ordinance vote against it, it shall be considered repealed upon certification of the election results.

(c) Recall. If a majority of the qualified electors voting on the question have favored recall, the office of the individuals so recalled shall be vacant upon certification of the election results.

ARTICLE IX: GENERAL PROVISIONS

SECTION 9.01. PERSONAL FINANCIAL INTEREST.

Any Town officer or employee who has a substantial financial interest, direct or indirect or by reason of ownership of stock in any corporation, in any contract with the Town or in the sale of any land, material, supplies or services to the Town or to a contractor supplying the Town shall make known that interest and shall refrain from voting upon or otherwise participating in his or her capacity as a Town officer or employee in the making of such sale or in the making or performance of such contract. Any Town officer or employee who willfully

conceals such a substantial financial interest or willfully violates the requirements of this section shall be guilty of malfeasance in office or position and shall forfeit his or her office or position. Violation of this section with the knowledge, express or implied, of the person or company contracting with or making a sale to the Town shall render the contract voidable by the Mayor or Town Council.

SECTION 9.02. PROHIBITIONS.

(a) Activities Prohibited

1. No person shall be appointed to or removed from, or in any way favored or discriminated against with respect to any Town position or appointed Town administrative office because of race, sex, political or religious opinions or affiliations.
2. No person shall willfully make any false statement, certificate, appointment under the personnel provisions of this Charter or the rules and regulations made thereunder, or in any manner commit or attempt to commit any fraud preventing the impartial execution of such provisions, rules and regulations.
3. No person who seeks appointment or promotion with respect to any Town position or appointive Town administrative office shall directly or indirectly give, render or pay any money, service or other valuable thing to any person for or in connection with his or her test, appointment, proposed appointment, promotion or proposed promotion.
4. No person, group, organization or corporation shall orally, by letter or otherwise solicit or assist in assessment, subscription or contribution for any City election from any person holding any compensated appointed Town position.
5. No person who holds any compensated appointed Town position shall make, solicit or receive any contributions to the campaign funds for Town elections of any political party or any candidate for campaign for Town elections of any political party, but he/she may exercise his/her rights as a citizen to express hi/her opinions and to cast his/her vote.

(b) Penalties.

(1) Any person who by him/herself or with others willfully and/or knowingly violates any of the provisions of paragraphs (1) through (5) shall be guilty of a

misdemeanor and upon conviction thereof shall be punishable by a fine of not more than five hundred dollars ($500.00) or less than fifty dollars ($50.00).

SECTION 9.03. CHARTER AMENDMENTS.
Amendments to this Charter shall be framed and adopted in the manner provided by law.

SECTION 9.04. SEPARABILITY. If any provision of this Charter is held invalid, the other provisions of the Charter shall not be affected thereby. If the application of the Charter or any of its provisions to any person or circumstance is held invalid, the application of the Charter and its provisions to other persons or circumstances shall not be affected thereby.

ARTICLE X: TRANSITIONAL PROVISIONS

SECTION 10.01. OFFICERS AND EMPLOYEES.

(a) Rights and Privileges Preserved. Nothing in this Charter except as otherwise specifically provided shall effect the rights or privileges of persons who are Town officers or employees at the time of its adoption.

(b) Continuance of Office or Employment. No Town administrative officer or elected official shall continue in office after the effective date of this Charter, unless such office is continued or provided for by this Charter. No Town employee shall lose their position of employment solely as a result of the adoption of this Charter unless such position is specifically eliminated hereby. Nothing contained herein shall prohibit the Council from contracting with or employing former Town officers or employees, on a temporary basis, to provide for the orderly and efficient transfer of duties under, and implementation of, this Charter. Such contract or employment shall not constitute a conflict of interest.

(c) Personnel System. An employee holding a Town position at the time this Charter takes full effect, who was serving in that same or a comparable position at the time of its adoption, shall not be subject to competitive tests as a condition of continuance in the same position but in all other respects shall be subject to the personnel system provided for in Section 4.05.

SECTION 10.02. DEPARTMENTS, OFFICES AND AGENCIES.

(a) Transfer of Powers. If a Town department, office or agency is abolished by this Charter, the powers and duties given it by law shall be transferred to the Town department, office or agency designated in this Charter or, if the Charter makes no provision, designated by the

Town Council.

(b) Property and Records. All property, records and equipment of any department, office or agency existing when this Charter is adopted shall be transferred to the department, office or agency assuming its powers and duties, but, in the event that the powers or duties are to be discontinued or divided between units or in the event that any conflict arises regarding a transfer, such property, records or equipment shall be transferred to one or more departments, office or agencies designated by the Council in accordance with this Charter.

(c) Compensation. All existing salaries and compensations for Town officers and employees shall continue until changed according to the provisions of this Charter.

(d) Continuances. Except as provided by this Charter, all existing departments, offices, and agencies of the Town shall continue to exist at the time of the effective date of this Charter until or unless abolished by law, and the ordinances creating such departments, offices, and agencies to the extent not in conflict with this Charter, shall remain in full effect until repealed or modified.

SECTION 10.03. PENDING MATTERS.
All rights, claims, actions, orders, contracts and legal or administrative proceedings shall continue except as modified pursuant to the provisions of this Charter and in each case shall be maintained, carried on or dealt with by the Town department, office or agency which is appropriate under this Charter.

SECTION 10.04. EFFECT OF EXISTING ORDINANCES, ETC. All Town ordinances, resolutions, orders and regulations which are in force immediately preceding the effective date of this Charter shall continue in full force and effect to the extent that they are not in conflict with this Charter, and they shall so remain in effect until repealed or modified. To the extent that they are inconsistent, in conflict or interfere with the effective operation of this Charter, such ordinances, resolutions, orders and regulations shall be of no further force or effect after 60 days from the effective date of this Charter, unless sooner modified or repealed by competent authority.

SECTION 10.05. SCHEDULE.

(a) First Election. At the time of its adoption, this Charter shall be in effect to the extent necessary in order that the first election of members of the Town Council may be conducted in accordance with the provisions of this Charter. The first election shall be held on the second

Tuesday of June next following the adoption of this Charter. The current Council shall prepare and adopt temporary regulations applicable only to the first election and designed to insure its proper conduct and to prevent fraud and provide for recount of ballots in cases of doubt or fraud.

(b) Time of Taking Full Effect. This Charter shall be in full effect for all purposes on and after the date and time of the first meeting of the newly elected Council as provided in subsection (c).

(c) First Council Meeting. On the second Monday of July following the first election of Council shall meet at 7:00 PM at the Town office:

(1) For the purpose of appointing or considering the appointment of a Town Clerk or acting Town Clerk, or choosing, if it so desires, one of its members to act as temporary Clerk pending appointment of a Town Clerk pursuant to Section 3.07; and

(2) For the purpose of adopting ordinance and resolutions necessary to effect the transition of government under this Charter and to maintain effective Town government during that transition.

d) Temporary Ordinances. In adopting ordinances as provided in subsection (c), the Council shall follow the procedures prescribed in Article III, except that at its first meeting or any meeting held within 60 days thereafter, the Council may adopt temporary ordinances to deal with cases in which there is an urgent need for prompt action in connection with the transition of government and in which the delay incident to the appropriate ordinance procedure would probably cause serious hardship or impairment of effective Town government. Every temporary ordinance shall be plainly labeled as such but shall be introduced in the form and manner prescribed for ordinances generally. A temporary ordinance may be considered and may be adopted with or without amendment or rejected at the meeting at which it is introduced. After adoption of a temporary ordinance, the Council shall cause it to be printed and published as prescribed for other adopted ordinances. A temporary ordinance shall become effective upon adoption or at such later time preceding automatic repeal under this subsection as it may specify, and the referendum power shall not extend to any such ordinance. Every temporary ordinance, including any amendments made thereto after adoption, shall automatically stand repealed as of the 91st day following the date on which it was adopted, and it shall not be readopted, renewed or otherwise continued except by adoption in the manner prescribed in Article III for ordinances of the kind concerned.

(e) Initial Expenses. The initial expenses of the Council, including the expenses of recruiting a Town Clerk, shall be paid by the Town on vouchers signed by the Mayor.

(f) Initial Salary of Council members. Members of the Council shall receive a

salary in the amount of eight hundred forty dollars ($840.00) per year, until such amount is changed by the Council in accordance with the provisions of this Charter.

(g) Initial Salary of the Mayor. The Mayor shall receive an annual salary in the amount of two thousand one hundred dollars ($2,100.00) per year, until such amount is changed by the Council in accordance with the provisions of this Charter.

(h) Initial Salary of Recorder: The Recorder shall receive an annual salary in the amount of twelve hundred dollars ($1,200.00) per year, until such amount is changed by the Counsil in accordance with the provisions of this Charter.

By all here present, this 12th day of June 2006, the undersigned elected officials of the Town of Reedsville do hereby acknowledge their approval of this Charter as a true and similar replacement for the previous Charter of the Town of Reedsville, lost in the Capital fire in Charleston, W.Va..

COUNCIL PERSON

COUNCIL PERSON

COUNCIL PERSON

COUNCIL PERSON

COUNCIL PERSON

MAYOR

RECORDER

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, Robert Secrest, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of Council Member of the Town of Reedsville of Preston County, for the Remainder of Each Year term commencing on the 24th day of October, 2011, to the best of my skill and judgment. So help me God.

(Sign Here) Robert Secrest

Subscribed and sworn to before the undersigned this 24th day of October, 2011

James B. Hagan

Mayor Board of Reedsville

County Clerk
Kingwood, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, STEPHEN G. SWANK, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of COUNCIL MEMBER FOR THE TOWN OF REEDSVILLE of Preston County, for the _____ term commencing on the 9th day of AUGUST, 2010 to the best of my skill and judgement. So help me God.

(Sign Here) Stephen G. Swank

Subscribed and sworn to before the undersigned this _____ day of AUGUST 2010

James B. Nagel

Mayor

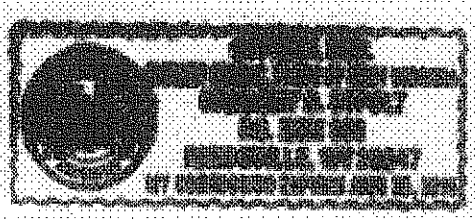
County Clerk
Kingwood, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, James B Wagner, *do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of* Mayor Town of Reedsville *of Preston County, for the* Four (4) Year *term commencing on the* First *day of* July, 2019, *to the best of my skill and judgement. So help me God.*

(Sign Here) James B Wagner

Subscribed and sworn to before the undersigned this 30th *day of* June, 2019.



County Clerk
Kingwood, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, PADDLE ROTH, *do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of* COUNCILMAN TOWN OF REEDSVILLE *of Preston County, for the* FOUR (4) YEARS *term commencing on the* FIRST *day of* JULY, 2009, *to the best of my skill and judgment. So help me God.*

(Sign Here) Paddle Roth

Subscribed and sworn to before the undersigned this 30TH *day of* JUNE, 2009

James B Magner

REEDSVILLE MUNICIPAL JUDGE

County Clerk
Kingwood, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, GREGORY SYFOLT *, do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of* COUNCILMAN TOWN OF REEDSVILLE *of Preston County, for the* FOUR (4) YEAR *term commencing on the* FIRST *day of* JULY *, 20*09 *, to the best of my skill and judgment. So help me God.*

(Sign Here) Gregory Syfolt

Subscribed and sworn to before the undersigned this 30th *day of* JUNE *, 20*09.

James B Hagan

REEDSVILLE MUNICIPAL JUDGE

County Clerk
Kingwood, W. VA.

Amended by PSC
in Case 11-0764-S-MA

TOWN OF REEDSVILLE

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF REEDSVILLE.

THE COUNCIL OF THE TOWN OF REEDSVILLE HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal sewerage services provided to all general domestic, commercial, and industrial customers of the Town of Reedsville's Municipal Sewage Collection System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

I. *Rules and Regulations for the Government of Sewer 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.

SECTION 1 – TARIFF

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial sanitary sewer service.

RATES (customers with metered water supply)

First	3,000	gallons used per month	$ 13.67	per 1,000 gallons
Next	3,000	gallons used per month	$ 11.48	per 1,000 gallons
Next	4,000	gallons used per month	$ 9.71	per 1,000 gallons
Next	10,000	gallons used per month	$ 7.65	per 1,000 gallons
All Over	20,000	gallons used per month	$ 6.80	per 1,000 gallons

MINIMUM MONTHLY CHARGE

5/8	inch meter –	$41.01	per month
3/4	inch meter –	$54.69	per month
1	inch meter –	$82.39	per month
1 1/2	inch meter –	$151.66	per month
2	inch meter –	$234.78	per month
3	inch meter –	$428.72	per month
4	inch meter –	$705.77	per month
6	inch meter –	$1,398.41	per month
8	inch meter –	$2,229.58	per month

The minimum monthly charge to any user of the sewerage system shall be $41.01

LEAK ADJUSTMENT RATE

$5.35 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

UNMETERED/UNMEASURED RATES

In the event the water supply is unmetered or otherwise unmeasurable, the unmetered rate shall be charged. The unmetered rate shall be $58.23 per month equivalent to 4,500 gallons usage for residential customers.

DELAYED PAYMENT PENALTY

Ten percent (10%) penalty shall be added to all charges not paid within twenty (20) days from the date of billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

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

MULTIPLE OCCUPANCY

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly minimum bill for each unit. Hotels and Motels shall be exempt from this multiple occupancy charge.

House trailer or mobile home courts served through a single meter shall be required to pay the monthly minimum bill multiplied by the number of units in place at the time the meter is read each month.

TAP OR CONNECTION FEE

A tap or connection fee may be charged for all new or additional connections. Each tap or connection fee shall be based upon a single-family equivalent dwelling equal to an average usage of 300 gallons per day. The tap or connection fee for a single-family equivalent dwelling shall be in an amount not less than $350.00, plus any additional costs incurred by the system for installation of any new lines or extension of the lines necessary to make such connections.

WATER DISCONNECT/RECONNECT FEES

Whenever water service has been disconnected for non-payment of sewer bills, a sewer service disconnection fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill, is reconnected, a reconnection fee of $20.00 shall be charged.

UTILITY SERVICE TAX AND ADMINISTRATION FEE

2% of the charge imposed.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Sewage Board of Reedsville shall be the charge to the customer, and such additional charge to the customer shall not exceed $20.00.

SECURITY DEPOSIT

$50.00 or two-twelfths (2/12) of the average annual usage of the applicant's customer class, whichever is greater.

SECTION 2 – TARIFF EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 – SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 – STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the *Preston County News* and *Preston County Journal*, qualified newspapers of general circulation in the Town of Reedsville, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on Monday, May 9, 2011, at 7:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such

action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Clerk, Reedsville, West Virginia.

First Reading: April 11, 2011

Second Reading
and Public Hearing: May 9, 2011

TOWN OF REEDSVILLE, a municipal corporation

Mayor: James B. Wagner

Clerk: Danielle Fletcher

04.04.11
745200.00003

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

10/25/2011

Entered: October 5, 2011

CASE NO. 11-0764-S-MA

TOWN OF REEDSVILLE
a municipal utility.
Investigation and suspension of an increase in sewer rates and charges as a result of petitions filed in accordance with W.Va. Code §24-2-4b.

RECOMMENDED DECISION

On May 9, 2011, the Town of Reedsville (Utility) adopted an ordinance increasing its rates and charges to provide sewer services.

On May 31, 2011, a petition was filed signed by what appeared to be not less than 25% of the Utility's sewer customers.

On June 2, 2011, the Commission invoked its jurisdiction and suspended the Utility's proposed ordinance. The Order made the Utility a respondent to the investigation and required Staff to submit its report on or before September 6, 2011. The Order further referred the matter requiring a recommended decision on or before October 21, 2011.

By Procedural Order issued June 7, 2011, the matter was set for hearing on September 15, 2011, and the Utility was required to publish notice. The Utility properly published notice of the hearing.

The hearing was held as scheduled. Todd M. Swanson, Esquire, appeared on behalf of the Utility. Leslie J. Anderson, Esquire, appeared on behalf of Staff.

EVIDENCE

Zachary Dobbins, an accountant consulting for the Utility, testified that the Utility needed the rate increase due to a project that is pending in Case No. 11-0424-S-CN in order to pay off financing associated with the project.[1] (Tr. 8). The Utility will borrow $1,923,700 associated with the project. (Tr. 8). The Utility proposed additional annual revenues of $49,500, increasing the customer's average bill $5.22 from $47.27 to $52.49. (Tr. 9). Mr. Dobbins reviewed the Staff recommendations indicating that Staff conducted a class cost of service study. (Tr. 9, 10). Mr. Dobbins believes that the revenue produced by the

[1]By separate Recommended Decision, a certificate was issued for the project.

Staff-recommended increase for the Utility is reasonable. (Tr. 10). Mr. Dobbins believes that the Staff-recommended rates will produce adequate revenue to pay for project financing. (Tr. 10). He also believes that the rates will be adequate to pay for increased operation and maintenance costs incurred by the Utility because of the project. (Tr. 10).

James Boyd Wagner, Mayor of the Town of Reedsville, testified that the Town had an emergency council meeting after the Staff-recommended rates were issued and decided that they would accept the Staff rates and recommendations. (Tr. 12, 13).

Joseph, Marakovits, an engineer for Staff, calculated the engineering allocation factors for the class cost of service study for the Utility's rates. (Tr. 16; Staff Ex. 1). The study attempts to allocate costs of service to the customers that drive those particular costs. (Tr. 18; Staff Ex. 1). The Utility's sewage is treated by Masontown. (Tr. 19).

Karen Buckley, a financial analyst for Staff, testified that the Utility proposed an across-the-board increase to its customers of 11%. (Tr. 22). The Utility rate increase would have gone into effect immediately, but Staff believes that the rates are not necessary until the project is substantially complete. (Tr. 30, 31). The Utility has sufficient bond coverage currently to meets its obligations. (Tr. 31).

Staff concluded that the Utility needed an overall increase in its revenue of 8.1% annually or about $15,500. (Tr. 32). Staff's class cost of service study indicated that the residential customers had been subsidizing the commercial customers. (Tr. 32; 33). The Utility will need to generate about $205,772 in revenue annually after the project is complete. (Tr. 33). The Utility's bond documents require 115% debt service coverage. (Tr. 33).

Staff considered a three-year average surplus in calculating its rates instead of five years because, in the last two years, the Utility hardly spent any money on renewal and replacement. (Tr. 33). The Staff rates built in a surplus of $6,408. (Tr. 34). The recommended rate increase is absolutely essential if the project is to occur. (Tr. 34).

Nothing in Staff's review of the Utility's financial records indicated that the Utility's management of the waste water services was wasteful or unreasonable. (Tr. 34, 35). The Utility only has two classes of customers, residential and commercial. (Tr. 36). The class cost of service study showed that the residential class was subsidizing the commercial class and the Staff-recommended rates begin to address that subsidization. The Staff rates did not eliminate the subsidy because of Commission policies regarding gradualism. (Tr. 36, 37). Staff rates move in the correct direction. (Tr. 37).

Staff made various changes to the Utility's tariffs in order to make them conform with the Commission's current rules. (Tr. 37). The Staff-recommended rate increase for a 4,500 gallon customer is 6.8% or $3.57, from $52.44 to $56.01. (Tr. 38).

PUBLIC COMMENT

Richard Swecker and his mother attempted to go to the Town of Reedsville's meeting about the rate increase and were promptly kicked out of the meeting. (Tr. 41, 42). Because Mr. Swecker was kicked out of the meeting, he started the petition challenging the rate increase. (Tr. 42). Mr. Swecker believes that it was a good thing he petitioned the Commission, given that the Commission is recommending lower rates for residential customers than those adopted by the Utility. (Tr. 42).

FINDINGS OF FACT

1. On May 9, 2011, the Utility adopted an ordinance increasing its rates. (See Ordinance).

2. On June 2, 2011, the Commission invoked its jurisdiction upon the receipt of a petition signed by what appeared to be not less than 25% of the Utility's sewer customers. (See Commission Order).

3. The Utility, on a going level basis, has $23,831 available for capital additions and a debt service coverage of 192%. (Staff Ex. 2).

4. After the project, the Utility, without a rate increase would have a cash flow deficit of $14,165 and a debt service coverage of 98%. (Id.).

5. After the project, the Utility's proposed rates produce $12,143 available for capital additions and a debt service coverage of 126%. (Id.).

6. After the project, the Staff-recommended rates produce $6,408 available for capital additions and a debt service coverage of 118.4%. (Staff Ex. 3).

7. Staff conducted a class cost of service study which demonstrated that the Utility's residential class was subsidizing the Utility's commercial class. (Staff Ex. 3).

8. Staff recommended additional rates which increase the Utility's revenue 8.1% over current rates. Given the results of the class cost of service study, Staff recommended an increase for the residential class of 5.6% and an increase for the commercial class of 15.7%. (Staff Ex. 3).

9. Under the Staff-recommended rates, the average 4,500 gallon customer bill would be $56.01. (Id.).

10. Staff made several recommended changes to the Utility's tariff to make it conform to current Commission rules. (Id.).

11. Staff's rates do not completely eliminate the subsidy between classes because of concerns for rate gradualism. (Tr. 36, 37; Staff Ex. 3).

12. The Utility has accepted the Staff-recommended rates and proposed tariff changes. (Tr. 8, 9, 10, 12, 13).

CONCLUSION OF LAW

The Staff-recommended rates are reasonable, just, based primarily on the cost of providing service, necessary to support the proposed project, agreed to by the Utility and should be adopted for use by the Utility upon substantial completion of the project.

ORDER

IT IS THEREFORE, ORDERED that the rates attached as Appendix A be, and hereby are, approved for use by the Town of Reedsville on and after the date that the project approved in Case No. 11-0424-S-CN is substantially complete.

IT IS FURTHER ORDERED that the Town of Reedsville file a proper tariff and five copies with the Commission within thirty days of the date that this Order becomes a final order of the Commission.

IT IS FURTHER ORDERED that the matter be removed from the open docket.

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served the exceptions.

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

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

K. A. George

Keith A. George
Administrative Law Judge

KAG:ksf
110764aa.wpd

TOWN OF REEDSVILLE
CASE NO. 11-0764-S-MA

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY OF SERVICE

Available for general domestic, commercial, and industrial sanitary sewer service

RATES (customers with metered water supply)

First	3,000 gallons used per month	$12.78	per 1,000 gallons
Next	3,000 gallons used per month	$11.78	per 1,000 gallons
Next	4,000 gallons used per month	$ 9.94	per 1,000 gallons
Next	10,000 gallons used per month	$ 8.72	per 1,000 gallons
Over	20,000 gallons used per month	$ 7.90	per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than $38.34 per month.

LEAK ADJUSTMENT RATE

$4.46 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attribute to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

UNMETERED/UNMEASURED RATES

Equivalent of 4,500 gallons of water usage or $56.01 per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charge is to be made whenever the utility installs a new tap to serve an applicant. A tap fee of $350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Public Service Commission for each new tap to the system.

WATER DISCONNECT/RECONNECT FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Preston County Public Service District #1, a disconnection fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Preston County Public Service District #1, is reconnected, a reconnection fee of $20.00 shall be charged.

MUNICIPAL EXCISE TAX SURCHARGE

The municipality listed below, having imposed public utility tax computed on the basis of two percent revenues from sewer service sales by the sewer utility within the corporate limits of such municipalities, shall be billed as a "surcharge" to the customers receiving service within said corporate limits.

The sewer utility is required to collect the utility tax pursuant to West Virginia Code §8-13-5a. Customers receiving sewer service within the corporate limits of the specified municipality shall pay a surcharge based on the following surcharge rates:

Town of Reedsville 2%

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of $20.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

SECURITY DEPOSIT

A deposit of $50.00 or 2/12 of the average annual usage of the applicant's specific class, whichever is greater. This fee may be changed by applicable statutory provisions.

Town Council Meeting Minutes
Town of Reedsville
May 9, 2011

Started: 6:45pm Adjourned: 9:00pm

Attending: Mayor: James B Wagner; Council Members: Darrell Fedeles, Pindle Roth, Stephen Swank, Gregory Sypolt, and Mark R. Trickett

Employee: Randy Pyles

Mayor Wagner called the meeting to order:

The 1st order of business was the 2nd reading of "An ordinance setting forth the rates, fees, and charges for service to customers of the sewerage system of the Town of Reedsville."

This meeting was open to the public that is served by said service and those to be served by the service in the near future from the Arthurdale area. (see attached sign in list)

Mayor Wagner read the ordinance for the second time; and opened the meeting for questions to the guests. Numerous questions were asked by the guests, to which the Mayor and Council responded. After the discussion finished; Darrell Fedeles made a motion to accept the 2nd reading and to approve the ordinance; Mark R. Trickett seconded the motion. The following is the roll call vote:

Council Member	Yes	No	Abstain
Darrell Fedeles	X		
Pindle Roth	X		
Stephen Swank	X		
Gregory Sypolt	X		
Mark R. Trickett		X	

The Mayor declared that the ordinance was approved by the council. The regular council meeting continued with the account balances being read. The accounts payable were submitted for approval and payment. Pindle Roth made a motion to pay the bills; Gregory Sypolt seconded the motion, which was approved by council.

Old Business:

Police Dept.: 1) The engine in the Durango blew-up. Mayor Wagner had Randy to order a long block from Advanced Auto. The Crown Vic needs a new exhaust system. Gregory Sypolt made a motion to replace the engine on the Durango and exhaust system on the Crown Vic. Stephen Swank

seconded the motion, which was approved by council.
2) Chief Hissam had surgery on Friday, May 6, 2011 in order to reset her nose and will be on light duty until the release by her doctor.

Street Dept.: 1) Randy and Donny are working on the Durango. They will cut grass on Tuesday, weather permitting.
2) Paving project – The Mayor called Parrotta Paving and neither Randy nor Fred was in the office. The secretary was to leave a message on Randy Parrotta's desk to call Mayor Wagner.

Grants: Danielle has completed the application for COPS Hiring Program; we will have results in September. The only stipulations are: after 3 year grant is over, we will be required to keep the officer on the payroll for at least 12 months concluding the grant. The total amount asked for is $98,495.00. 1st year - $30,614.00 ($12.50/hr); 2nd year - $32,442.00 (13.25/hr); 3rd year - $35,439.00 ($14.00/hr)

New Business:

1) Building Permit: Brian Livengood – breeze way, garage cost $10,000.00. Darrell Fedeles made motion to approve the building permit; Gregory Sypolt seconded the motion, which was approved by council.
2) Beautification: Loralie has been assigned light duty and she will be weeding flower pots and replanting flowers and repairing planters around town's "Welcome" signs. Randy & Donny to spray ditch between Pindle Roth and Steve Blake's property in order to kill weeds.

Stephen Swank made a motion to adjourn; Gregory Sypolt seconded the motion, the meeting adjourned at 9:00 pm.

LEGAL NOTICE

NOTICE OF PUBLIC HEARING ON TOWN OF REEDSVILLE SEWER RATE ORDINANCE

A public hearing will be held on Monday, May 9, 2011, at 7:00 p.m., prevailing time, on the following ordinance which was introduced on April 11, 2011. Any person interested may appear before the Town Council of the Town of Reedsville at the Town Hall, Reedsville, West Virginia, and present any comment or protest thereto. Following which hearing Town Council shall take such action as it shall deem proper.

TOWN OF REEDSVILLE

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF REEDSVILLE.

THE COUNCIL OF THE TOWN OF REEDSVILLE HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal sewerage services provided to all general domestic, commercial, and industrial customers of the Town of Reedsville's Municipal Sewage Collection System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

I. *Rules and Regulations for the Government of Sewer 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.

SECTION 1 – TARIFF

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial sanitary sewer service.

RATES (customers with metered water supply)

First	3,000 gallons used per month	$13.67 per 1,000 gallons
Next	3,000 gallons used per month	$11.48 per 1,000 gallons
Next	4,000 gallons used per month	$9.71 per 1,000 gallons
Next	10,000 gallons used per month	$7.65 per 1,000 gallons
All Over	20,000 gallons used per month	$6.80 per 1,000 gallons

MINIMUM MONTHLY CHARGE

5/8	inch meter –	$41.01 per month
3/4	inch meter –	$54.69 per month
1	inch meter –	$82.39 per month
1 1/2	inch meter –	$151.66 per month
2	inch meter –	$234.78 per month
3	inch meter –	$426.72 per month
4	inch meter –	$705.77 per month
6	inch meter –	$1,398.41 per month
8	inch meter –	$2,229.58 per month

The minimum monthly charge to any user of the sewerage system shall be $41.01

LEAK ADJUSTMENT RATE

$5.35 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

UNMETERED/UNMEASURED RATES

In the event the water supply is unmetered or otherwise unmeasurable, the unmetered rate shall be charged. The unmetered rate shall be $58.23 per month equivalent to 4,500 gallons usage for residential customers.

DELAYED PAYMENT PENALTY

Ten percent (10%) penalty shall be added to all charges not paid within twenty (20) days from the date of billing. This delayed payment is not interest and is only to be collected once for each bill where this is appropriate.

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

MULTIPLE OCCUPANCY

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly minimum bill for each unit. Hotels and Motels shall be exempt from this multiple occupancy charge.

House trailer or mobile home courts served through a single meter shall be required to pay the monthly minimum bill multiplied by the number of units in place at the time the meter is read each month.

TAP OR CONNECTION FEE

A tap or connection fee may be charged for all new or additional connections. Each tap or connection fee shall be based upon a single-family equivalent dwelling equal to an average usage of 300 gallons per day. The tap or connection fee for a single-family equivalent dwelling shall be in an amount not less than $350.00, plus any additional costs incurred by the system for installation of any new lines or extension of the lines necessary to make such connections.

f Publication

I, **Carol Peters,** Advertising Manager of The Preston County News, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the annexed public notice

Reedsville Sewer

has been published for Two successive weeks in said newspaper, beginning with its issue of 4/16/11

and expiring with the issue of 4/23/11

And, I do further certify that on 4/23/11

Carol Peters
ADVERTISING MANAGER

Sworn to and subscribed before me this the 23rd day of April, 2011

Dennis E. Peters
NOTARY PUBLIC

My commission expires 6/29/2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
119 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

WATER DISCONNECT/RECONNECT FEES

Whenever water service has been disconnected for non-payment of sewer bills, a sewer service disconnection fee of $20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill, is reconnected, a reconnection fee of $20.00 shall be charged.

UTILITY SERVICE TAX AND ADMINISTRATION FEE

2% of the charge imposed.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Sewage Board of Reedsville shall be the charge to the customer, and such additional charge to the customer shall not exceed $20.00.

SECURITY DEPOSIT

$50.00 or two-twelfths (2/12) of the average annual usage of the applicants customer class, whichever is greater.

SECTION 2 – TARIFF EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 – SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 – STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the Preston County News and Preston County Journal, qualified newspapers of general circulation in the Town of Reedsville, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on Monday, May 9, 2011, at 7:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Clerk, Reedsville, West Virginia.

First Reading: April 11, 2011

Second Reading and Public Hearing: May 9, 2011

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the Town Council of the Town of Reedsville held March 14, 2011, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the Town Council of the Town of Reedsville at the Town Hall, Reedsville, West Virginia, on Monday, April 11, 2011, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Town Council will then take such action as it shall deem proper. The proposed ordinance may be inspected by the public at the office of the Clerk in the Town Hall, Reedsville, West Virginia during regular office hours.

/s/ Danielle Fletcher
Clerk
4/16,23

Certificate of Publication

I, **Carol Peters,** the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that
the notice

Reedsville Sewer

a copy of which notice is hereto annexed, was published in said paper for Two successive weeks, beginning with its issue of 4/20/11

and expiring with its issue of 4/27/11

And, I do further certify that on 4/27/11

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

Carol Peters
ADVERTISING MANAGER

Subscribed and sworn to before me this the 27th day of April, 2011

Dennis E. Peters
NOTARY PUBLIC

My commission expires 6/29/2011

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
110 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

Kingwood, WV_____
Received of_____
Amount for publishing notice hereto $_____

ADVERTISING MANAGER

LEGAL NOTICE

NOTICE OF PUBLIC HEARING ON
TOWN OF REEDSVILLE SEWER RATE ORDINANCE

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TOWN OF REEDSVILLE

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE TOWN OF REEDSVILLE.

THE COUNCIL OF THE TOWN OF REEDSVILLE HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal sewerage services provided to all general domestic, commercial, and industrial customers of the Town of Reedsville's Municipal Sewage Collection System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

I. *Rules and Regulations for the Government of Sewer 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.

SECTION 1 – TARIFF

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial sanitary sewer service.

RATES (customers with metered water supply)

First	3,000 gallons used per month	$13.67 per 1,000 gallons
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MINIMUM MONTHLY CHARGE

5/8 inch meter –	$41.01 per month
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$5.35 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

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DELAYED PAYMENT PENALTY

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MULTIPLE OCCUPANCY

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly minimum bill for each unit. Hotels and Motels shall be exempt from this multiple occupancy charge.

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UTILITY SERVICE TAX AND ADMINISTRATION FEE

2% of the charge imposed.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Sewage Board of Reedsville shall be the charge to the customer, and such additional charge to the customer shall not exceed $20.00.

SECURITY DEPOSIT

$50.00 or two-twelfths (2/12) of the average annual usage of the applicants customer class, whichever is greater.

SECTION 2 – TARIFF EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 – SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 – STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the Preston County News and Preston County Journal, qualified newspapers of general circulation in the Town of Reedsville, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on Monday, May 9, 2011, at 7:00 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Clerk, Reedsville, West Virginia.

First Reading: April 11, 2011

Second Reading and Public Hearing: May 9, 2011

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the Town Council of the Town of Reedsville held March 14, 2011, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the Town Council of the Town of Reedsville at the Town Hall, Reedsville, West Virginia, on Monday, April 11, 2011, at 7:00 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Town Council will then take such action as it shall deem proper. The proposed ordinance may be inspected by the public at the Office of the Clerk in the Town Hall, Reedsville, West Virginia during regular office hours.

/s/ Danielle Fletcher
Clerk

Post

Certificate of Publication

LEGAL NOTICE

PUBLIC NOTICE OF SEWERAGE RATES OF THE TOWN OF REEDSVILLE

NOTICE is hereby given that the TOWN OF REEDSVILLE (the "Town") enacted an ordinance on May 9, 2011 containing increased rates and charges for furnishing sewerage service to 251 customers at Reedsville and vicinity in Preston County, West Virginia.

The proposed rates and charges will become effective 45 days from the date the ordinance was adopted, unless otherwise ordered by the Public Service Commission, and will produce approximately $49,485 annually in additional revenue, an increase of 30%. The average monthly bill for the various classes of customers will be changed follows.

TYPE OF CUSTOMER	($) INCREASE	INCREASE (%)
Residential (3,160 gallons)	$4.27	11.1%
Commercial (13,020 gallons)	$13.67	11.1%

The Town has no resale customers.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Public Service Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates and charges by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Public Service Commission a petition signed by not less than twenty-five percent (25%) of the customers served by the Town's sewerage system; or

(2) Any customer who is served by the Town's sewerage system and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Public Service Commission a petition alleging discrimination between customers within and without the Town's boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the Town's boundaries and who present a petition to the Public Service Commission alleging discrimination between said customer or group of customers and other customers of the Town's sewerage system. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, Post Office Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the Clerk's Office at the Town Hall, Reedsville, West Virginia.

A copy of the proposed rates is available for public inspection at the Office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Post Office Box 812, Charleston, West Virginia 25323.

/s/ Danielle Fletcher
Town Clerk
5/14

I, **Carol Peters,** Advertising Manager of The Preston County News, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the annexed public notice

Sewerage Rates

has been published for Two successive weeks in said newspaper, beginning with its issue of 5/14/11

and expiring with the issue of 5/21/11

And, I do further certify that on 5/21/11

Carol Peters
ADVERTISING MANAGER

Sworn to and subscribed before me this the 21st day of May, 2011

Dennis E. Peters
NOTARY PUBLIC

My commission expires 6/29/2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
110 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

TOWN OF REEDSVILLE

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the Town of Reedsville does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the Recorder at the front door or bulletin board of the Town Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Recorder not less than 3 business days before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the Recorder at the front door or bulletin board of the Town Hall not less than two business days before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 26th day of Jan., 2009.

James B. Wagner
Mayor

Priscilla Spike, Clerk
Recorder / CLERK.

TOWN OF REEDSVILLE

ORDINANCE CREATING/RATIFYING A SANITARY BOARD
OF THE TOWN OF REEDSVILLE

WHEREAS, the Town of Reedsville (the "Town") now contemplates the construction and equipping of a sanitary sewerage system, and future additions, extensions and improvements thereto (the "System"), pursuant to Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"); and

WHEREAS, the Act requires that a sanitary board be established in connection with the issuance of sewer revenue bonds, as aforesaid, and in connection with the custody, administration, operation and maintenance of such a sewer system by a municipal corporation;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE TOWN COUNCIL OF THE TOWN OF REEDSVILLE AS FOLLOWS:

Section 1. The Council of the Town (the "Council") does hereby create and establish a Sanitary Board (the "Sanitary Board" or "Board"), with all powers and duties as provided in and pursuant to the Act.

Section 2. Composition; Chairman; Appointment of Members. The Sanitary Board shall be composed of the Mayor of the Town, who shall act as Chairman of the Sanitary Board, and two persons appointed by the Council. During the period of construction of the System or any additions thereto, one member must be a registered professional engineer. The engineer member of the Board need not be a resident of said municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. The appointees shall originally be appointed for terms of 2 and 3 years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of 3 years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the Town, whether holding a paid or unpaid office, shall be eligible to appointment on the Sanitary Board until at least 1 year after the expiration of the term of his public office.

Section 3. Organizational Meetings ; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice chairman from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond as required under Section 9 hereof.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board shall receive such compensation, if any, for their services, either as a salary or as payments for meetings attended, as the Council may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. Any such compensation and expenses paid solely from funds derived from the System, but there shall be no liability upon the Town for any compensation or expenses so incurred.

Section 5. Powers, Duties and Limitations.

A. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the Town.

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by the Act, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in the Act as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of the Act shall be paid solely and only from funds provided under the authority of the Act, and the Board shall not exercise or carry out any authority or power given it so as to bind the Board or the Town beyond the extent to which money shall have been or may be provided under the authority of the Act. No contract or agreement with any contractor or contractors for labor and/or material exceeding the sum of $10,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

E. After the construction, acquisition, installation and completion of such works, the Sanitary Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by the Act, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by the Act, or which may be granted to it by amendments to the Act, hereafter made, subject to any and all restrictions and limitations therein contained.

Section 6. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under this ordinance and the Act shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided by the Act.

Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3 of the West Virginia Code of 1931, as amended, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the

debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board.

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

Section 9. Fidelity Bonds. The Sanitary Board shall require all persons who collect or otherwise handle funds of the Board or the System to furnish a good and proper bond, with a recognized and reputable surety, conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons.

Section 10. Effective Date. This Ordinance shall take effect immediately following the second reading hereon.

Passed on First Reading: April 27, 2009

Passed on Second Reading: May 11, 2009

By: James B. Wagner
Mayor

By: Danielle Fletcher
Clerk

COPY

ORDINANCE REGULATING THE USE OF SANITARY SEWERS IN TOWN OF REEDSVILLE

WHEREAS, the Town of Reedsville has cause to construct a system of sanitary sewers for the convenience of the public, the protection of health; and prevention of nuisances; and

WHEREAS, the adequacy, longevity, and proper functioning of the sanitary sewer system is contingent upon proper and judicious use; and

WHEREAS, it is essential that certain regulations be established to insure proper and judicious use; and

WHEREAS, the Clean Water Act of 1977, P.L. 95-217 (hereinafter referred to as the "Act") as amended, has resulted in an unprecedented program of cleaning up our Nation's waters; and

WHEREAS, the Town through this ordinance seeks to establish rules and regulations which will enable the Town to comply with the United States Clean Water Act of 1977 and other applicable Federal and State laws and regulations, and to provide for the public health and welfare by regulating the quality of the wastewater discharged into the Town's wastewater system. It is the intent and objective of the Town by this ordinance to regulate the quantity and quality of wastewater discharged into the Town's system to such extent and degree as will prevent: (1) misuse and abuse of the facility, (2) the inhibition of or interference with unit operations in the wastewater system or (3) excessive operating and maintenance cost.

NOW, THEREFORE, BE IT RESOLVED AND ENACTED by the Town Council of the Town of Reedsville, State of West Virginia, at a regular meeting held this 27 day of October, 1997.

I, Robert Stone, Mayor of the Town of Reedsville certify that this is a true copy of a ordinance adopted by the Town Council.

Betty Welton, Recorder

Robert Stone, Mayor
Town of Reedsville

ARTICLE I

Definitions

Unless the context specifically indicates otherwise, the meaning of terms used in this ordinance shall be as follows:

Sec. 1. Biochemical Oxygen Demand (BOD) shall mean the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days at 20 C, expressed in milligrams per liter.

Sec. 2. "Building Drain" shall mean that part of the lowest horizontal piping of a drainage system which received the discharge from soil, waste, and other drainage pipes inside the walls of the building and conveys it to the building sewer, beginning five (5) feet (1.5 meters) outside the inner face of the building wall.

Sec. 3. "Building Sewer" shall mean the extension from the building drain to the public sewer or other place of disposal, also called house connection.

Sec. 4. "Combined Sewer" shall mean a sewer intended to receive both wastewater and storm or surface water.

Sec. 5. "Easement" shall mean an acquired legal right for the specific use of land owned by others.

Sec. 6. "Floatable Oil" is oil, fat, or grease in a physical state such that it will separate by gravity from waste water by treatment in an approved pretreatment facility. A wastewater shall be considered free of floatable fat if it is properly pretreated and the wastewater does not interfere with the collection system.

Sec. 7. "Garbage" shall mean the animal and vegetable waste resulting from the handling, preparation, cooking and serving of foods.

Sec. 8. "Industrial Wastes" shall mean the wastewater from industrial processes, trade, or business as distinct from domestic or sanitary wastes.

Sec. 9. "Natural Outlet" shall mean any outlet, including storm sewers and combined sewer overflows, into a water course, pond, ditch, lake, or other body of surface or groundwater.

Sec.10. "May" is permissive (see "shall", Sec. 18).

Sec.11. "Person" shall mean any individual, firm, company, association, society, corporation, or group.

Sec.12. "pH" shall mean the logarithm of the reciprocal of the hydrogen ion concentration. The concentration is the weight of hydrogen ions, in grams, per liter of solution. Neutral water, for example, has a pH value of 7.

Sec.13. "Properly Shredded Garbage" shall mean the wastes from the preparation, cooking, and dispensing of food that have been shredded to such a degree that all particles will be carried freely under the flow conditions nor mally prevailing in public sewers, with no particle greater than 1/2 inch (1.27 centimeters) in any dimension.

Sec.14. "Public Sewer" shall mean a common sewer controlled by a governmental agency or public utility.

Sec.15. "Sanitary Sewer" shall mean a sewer that carries liquid and water-carried wastes from residences, commercial buildings, industrial plants, and institutions together with minor quantities of ground, storm, and surface waters that are not admitted intentionally.

Sec.16. "Sewage" is the spent water of a community. The preferred term is "wastewater", Sec. 24.

Sec.17. "Sewer" shall mean a pipe or conduit that carries wastewater or drainage water.

Sec.18. "Shall" is mandatory (see "may", Sec. 10).

Sec.19. "Slug" shall mean any discharge of water or wastewater which in concentration of any given constituent or in quantity of flow exceeds for any period of duration longer than fifteen (15) minutes more than five (5) times the average twenty-four (24) hour concentration or flows during normal operation and shall adversely affect the collection system and/or performance of the wastewater treatment works.

Sec.20. "Storm Drain" (sometimes termed "storm sewer") shall mean a drain or sewer for conveying water, groundwater, subsurface water or unpolluted water from any source.

Sec.21. "Superintendent" shall mean the superintendent of wastewater facilities, and/or of wastewater treatment works, and/or of water pollution control of the Town or its authorized representative.

Sec.22. "Suspended Solids" shall mean total suspended matter that either floats on the surface of, or is in suspension in, water, wastewater, or other liquids, and that is removable by laboratory filtering as prescribed in "Standard Methods for the Examination of Water and Wastewater" and referred to as nonfilterable residue.

Sec.23. "Unpolluted Water" is water of quality equal to or better than the effluent criteria in effect or water that would not cause violation of receiving water quality standards and would not be benefited by discharge to the sanitary sewers and wastewater treatment facili- ties provided.

Sec.24. "Wastewater" shall mean the spent water of a community. From the standpoint of source, it may be a combination of the liquid and water-carried wastes from residences, commercial buildings, industrial plants, and institutions, together with any groundwater, surface water and storm water that may be present.

Sec.25. "Wastewater Facilities" shall mean the structures, equipment, and processes required to collect, carry away, and treat domestic and industrial wastes and dispose of the effluent.

Sec.26. "Wastewater Treatment Works" shall mean an arrangement of devices and structures for treating wastewater, industrial wastes, and sludge. Sometimes used as synonymous with "waste treatment plant" or "wastewater treatment plant" or water pollution control plant.

Sec.27. "Watercourse" shall mean a natural or artificial channel for the passage of water either continuously or intermittently.

Sec.28. "Customer" means any individual, partnership, corporation, association, or group who receives sewer service from the Town under either an express or implied contract requiring payment to the Town for such service.

Sec.29. "Vacuum Collection Sewer" shall mean a public sewer which transports sewage by means of an internal vacuum applied to the line from a central vacuum collection/pumping station.

Sec.30. "Vacuum Valve" shall mean a special valve installed at the interface between a vacuum collection sewer and the collection sump which collects gravity discharge from one or more "Building Sewers". The vacuum valve's function is to automatically introduce the discharge from the building sewer(s) into the vacuum collector sewer.

Sec.31. "Collection Sump" shall mean a tank which collects and holds the discharge from one or more building sewers pending its introduction into the vacuum collection sewer through the vacuum valve.

Sec.32. "Vacuum Valve Pit" shall mean an underground enclosure complete with cover which houses a vacuum valve along with collection sump, related controls and appurtenances.

Sec.33. "Low Pressure Collection Sewer" shall mean a public sewer which transports sewage under pressure applied by grinder pumps located at the end of each customer's service line.

Sec.34. "Grinder Pump" shall mean a specially designed and factory assembled pumping unit. This pumping unit consists of a receiving tank which receives gravity flow from the customer and a grinder pump equipped with cutters to shred the wastewater solids into a slurry for pumping into the small diameter pressure sewer system.

Sec.35. Terms not otherwise defined herein shall be as adopted in the latest edition of Standard Methods for the Examination of Water & Wastewater, published by the American Public Health Association, the American Water Works Association and the Water Environment Federation.

SEWER USE ORDINANCE

The provisions of this sewer use ordinance are intended to supplement the Rules and Regulations for the Government of Sewer Utilities issued by the Public Service Commission of West Virginia and add specific requirements not otherwise covered by other State agency rules and regulations. Where a conflict exists between provisions of this ordinance and State Laws and Rules and Regulations, the latter shall prevail.

ARTICLE II

Use of Public Sewers Required

Sec. 1. It shall be contrary to these regulations for any per son to place, deposit, or permit to be deposited in any unsanitary manner on public or private property within the Town, or in any area under the jurisdiction of said Town, any human excrement, garbage, or objectionable waste.

Sec. 2. It shall be contrary to these regulations to discharge to any natural outlet within the Town or in any area under the jurisdiction of said Town, any wastewater or other polluted waters, except where suitable treatment has been provided in accordance with subsesequent provisions of this ordinance.

Sec. 3. Except as hereinafter provided, it shall be contrary to these regulations to construct or maintain any privy, privy vault, septic tank, cesspool, or other facility intended or used for the disposal of wastewater.

Sec. 4. The owner(s) of all houses, buildings or properties used for human occupancy, employment, recreation, or other purposes, situated within the Town and abutting on any street, alley, or right-of-way in which there is now located or may in the future be located a public sanitary sewer, is hereby required at the owner(s)' expense to install suitable toilet facilities therein, and to connect such facilities directly with the proper public sewer in accordance with the provisions of this ordinance, within thirty (30) days after date of official notice to do so, provided that said public sewer is within 250 feet of the premises.

ARTICLE III

Private Wastewater Disposal

Sec. 1. Where a public sanitary sewer is not available under the provisions of Article II, Section 4, the building sewer shall be connected to a private wastewater disposal system complying with the provisions of this article.

Sec. 2. Before commencement of construction of a private waste water disposal system the owner(s) shall first obtain a written permit. The application for such permit shall be made on a form furnished by the County Health Department which the applicant shall supplement by any plans, specifications, and other information as are deemed necessary by the Health Department.

Sec. 3. A permit for a private wastewater disposal system shall not become effective until the installation is completed to the satisfaction of the Health Department. The Health Department shall be allowed to inspect the work at any state of construction, and, in any event, the applicant for the permit shall notify the Health De- partment when the work is ready for final inspection, and before any underground portions are covered. The inspection shall be made within 24 hours of the receipt of notice by the Health Department.

Sec. 4. The type, capacities, location, and layout of a private wastewater disposal system shall comply with all recommendations of the Health Department.

Sec. 5. At such time as a public sewer becomes available to a property served by a private wastewater disposal system, as provided in Article III, Section 4, a direct connection shall be made to the public sewer within thirty (30) days in compliance with this ordinance, and any septic tanks, cesspools, and similar private wastewater disposal facilities shall be cleaned of sludge and filled with suitable material.

Sec. 6. The owner(s) shall operate and maintain the private wastewater disposal facilities in a sanitary manner at all times, at no expense to the Town.

Sec. 7. No statement contained in this article shall be construed to interfere with any additional requirements that may be imposed by the health officer.

ARTICLE IV

Building Sewers and Connections

Sec. 1. No unauthorized person(s) shall uncover, make any connections with or opening into, use, alter, or disturb any public sewer or appurtenances thereof without first obtaining a written permit from the Town.

Sec. 2. There shall be two (2) classes of building sewer permits:

(a) for residential and commercial service, and

(b) for service to establishments producing industrial wastes. In either case, the owner(s) or his agent shall make application on a special form furnished by the Town. The permit application shall be supplemented by any plans, specifications, or other information considered pertinent in the judgement of the Town. The appropriate tap fee established by the WV PSC shall be paid to the Town at the time the application is filed.

Sec. 3. All costs and expenses incidental to the installation and connection of the building sewer shall be borne by the owner(s). The owner(s) shall indemnify the Town from any loss or damage that may directly or indirectly be occasioned by the installation of the building sewer.

Sec. 4. A separate and independent building sewer shall be provided for every building; except where one building stands at the rear of another or an interior lot and no private sewer is available or can be constructed to the rear building through an adjoining alley, court, yard, or driveway, the front building may be extended to the rear building and the whole considered as one building sewer but the Town does not and will not assume any obligation or responsibility for damage caused by or resulting from any such single connection aforementioned.

Sec. 5. Old building sewers may be used in connection with new buildings only when they are found, on examination and test by the Town, to meet all requirements of this ordinance.

Sec. 6. The size, slope, alignment, materials of construction of a building sewer, and the methods to be used in excavating, placing of the pipe, jointing, testing, and backfilling the trench, shall all conform to the requirements of the building and plumbing code or other applicable rules and regulations of the Town. In the absence of code provisions or in amplification thereof, the materials and procedures set forth in appropriate specifications of the ASTM and WPCD Manual of Practice No. 9 shall apply. For vacuum sewer systems at or near the point of the building sewer into the building being served, an open vent, vented to atmosphere shall be provided. The vent shall have an inside diamter of at least 4 inches.

Sec. 7. Whenever possible, the building sewer shall be brought to the building at an elevation below the basement floor. In all buildings in which any building drain is too low to permit gravity flow to the public sewer, sanitary sewage carried by such building drain shall be lifted by an approved means and discharged to the building sewer.

Sec. 8. No person(s) shall make connection of roof downspouts, exterior foundation drains, areaway drains, or other sources of surface runoff or groundwater to a building sewer or building drain which in turn is connected directly or indirectly to a public sanitary sewer.

Sec. 9. The connection of the building sewer into the public sewer shall conform to the requirements of the building and plumbing code or other applicable rules and regulations of the Town, or the procedures set forth in appropriate specifications of the ASTM and the WEF Manual of Practice No. 9. All such connections shall be made gastight and watertight and verified by proper testing. Any deviation from the prescribed procedures and materials must be approved by the Town before in stallation.

Sec.10. The applicant for the building sewer permit shall notify the Town when the building sewer is ready for inspection and connection to the public sewer. The connection and testing shall be made under the supervision of the Town.

Sec.11. All excavations for building sewer installation shall be adequately guarded with barricades and lights so as to protect the public from hazard. Roadways, berms, sidewalks and other public property disturbed in the course of the work shall be restored in a manner satisfactory to the Town.

ARTICLE V

Use of the Public Sewers

Sec. 1. No person(s) shall discharge or cause to be discharged any unpolluted waters such as stormwater, groundwater, roof runoff, subsurface drainage, or cooling water to any sewer except stormwater runoff from limited areas, which stormwater may be polluted at times, may be discharged to the sanitary sewer by permission of the Town.

Sec. 2. Stormwater other than that exempted under Section 1, Article V, and all other unpolluted drainage shall be discharged to such sewers as are specifically designated as combined sewers or storm sewers or to a natural outlet approved by the Town and other regulatory agencies. Unpolluted industrial cooling water or process waters may be discharged, on approval of appropriate state authorities to a storm sewer or natural outlet.

Sec. 3. No person(s) shall discharge or cause to be discharged any of the following described waters or wastes to any public sewers:

(a) Any gasoline, benzene, naptha, fuel oil, or other flammable or explosive liquid, solid, or gas.

(b) Any waters containing toxic or poisonous solids, liquids, or gases in sufficient quantity, either singly or by interaction with other wastes, to injure or interfere with any waste treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the wastewater treatment plant.

(c) Any waters or wastes having a pH lower than 5.5, or having any other corrosive property capable of causing damage or hazard to structures, equipment, and personnel of the wastewater works.

(d) Solid or viscous substances in quantities or of such size capable of causing obstruction to the flow in sewers, or other interference with the

proper operation of the wastewater facilities such as, but not limited to, ashes, bones, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, unground garbage, whole blood, paunch manure, hair and fleshings, entrails and paper dishes, cups, milk containers, etc., either whole or ground by garbage grinders.

Sec. 4. The following described substances, materials, waters, or waste shall be limited in discharges to municipal systems to concentrations or quantities which will not harm either the sewers, wastewater treatment process or equipment, will not have an adverse effect on the receiving stream, or will not otherwise endanger lives, limb, public property, or constitute a nuisance. The Town may set limitations lower than the limitations established in the regulations below if in its opinion such more severe limitations are necessary to meet the above objectives. In forming its opinion as to the acceptability, the Town will give consideration to such factors as the quantity of subject waste in relation to flows and velocities in the sewers, materials of construction of the sewers, the wastewater treatment process employed, capacity of the wastewater treatment plant, degree of treatability of the waste in the wastewater treatment plant and other pertinent factors. The limitations or restrictions on materials or characteristics of waste or wastewaters discharged to the sanitary sewer which shall not be violated without approval of the Town are as follows:

(a) Wastewater having a temperature higher than 150 degrees Fahrenheit (65 degrees Celsius).

(b) Wastewater containing more than 25 milligrams per liter of petroleum oil, nonbiodegradable cutting oils, or product of mineral oil origin.

(c) Wastewater from industrial plants containing floatable oils, fat or grease.

(d) Any garbage that has not been properly shredded (see Article I, Section 13). Garbage grinders may be connected to sanitary sewers from homes, hotels, institutions, restaurants, hospitals, catering establishments, or similar places where garbage originates from the preparation of food in kitchens for the purpose of consumption on the premises or when served by caterers.

(e) Any waters or wastes containing iron, chromium, copper, zinc, and similar objectionable or toxic substances to such degree that any such material received in the composite wastewater at the wastewater treatment works exceeds the limits established by the Town for such materials.

(f) Any waters or wastes containing odor-producing substances exceeding limits which may be established by the Town.

(g) Any radioactive wastes or isotopes of such half-life or concentration as may exceed limits established by the Town in compliance with applicable state or federal regulations.

(h) Quantities of flow, concentrations, or both which constitute a "slug" as defined herein.

(i) Waters or wastes containing substances which are not amenable to treatment or reduction by the wastewater treatment processes employed, or are amenable to treatment only to such degree that the wastewater treatment plant effluent cannot meet the requirements of other agencies having jurisdiction over discharge to the receiving waters.

(j) Any water or wastes which, by interaction with other water or wastes in the public sewer system, release obnoxious gases, form suspended solids which interfere with the collection system, or create a condition deleterious to structures and treatment processes.

Sec. 5. If any waters or wastes are discharged or are proposed to be discharged to the public sewers, which waters contain the substances or possess the characteristics enumerated in Section 4 of this Article, and which in the judgment of the Town, may have a deleterious effect upon the wastewater facilities, processes, equipment, or receiving waters, or which otherwise create a hazard to life or constitute a public nuisance, the Town may:

(a) Reject the wastes,

(b) Require pretreatment to an acceptable condition for discharge to the public sewers,

(c) Require control over the quantities and rates of discharge, and/or

(d) Require payment to cover added cost of handling and treating the wastes not covered by existing fees or sewer charges under the provisions of Section 10 of this article.

When considering the above alternatives, the Town shall give consideration to the economic impact of each al ternative on the discharger. If the Town permits the pretreatment or equalization of waste flows, the design and installation of the plants and equipment shall be subject to the review and approval of the Town.

Sec. 6. Grease, oil and sand interceptors shall be provided when, in the opinion of the Town, they are necessary for the proper handling of liquid wastes containing floatable grease in excessive amounts, as specified in Section 4(c), or any flammable wastes, sand, or other harmful ingredients; except that such interceptors shall not be required for private living quarters or dwelling units. All interceptors shall be of a type and capacity approved by the Town, and shall be located as to be readily and easily accessible for cleaning and inspection. In the maintaining of these interceptors, the owner(s) shall be responsible for the proper removal and disposal by appropriate means of the captured material and shall maintain records of the dates and means of disposal which are subject to review by the Town. Any removal and hauling of the collected materi als not performed by owner(s)' personnel must be per formed by currently licensed waste disposal firms.

Sec. 7. Where pretreatment or flow equalizing facilities are provided or required for any waters or wastes, they shall be maintained continuously in satisfactory and effective operation by the owner(s) at his expense.

Sec. 8. When required by the Town, the owner of any property serviced by a building sewer carrying industrial wastes shall install a suitable structure together with such necessary meters and other appurtenances in the build ing sewer to facilitate observation, sampling and measurement of the wastes. Such structure, when required, shall be accessibly and safely located and shall be constructed in accordance with plans approved by the Town. The structure shall be installed by the owner at his expense and shall be maintained by him so as to be safe and accessible at all times.

Sec. 9. The Town may require a user of sewer services to provide information needed to determine compliance with this ordinance. These requirements may include:

(1) Wastewaters discharge peak rate and volume over a specified time period.

(2) Chemical analysis of wastewaters.

(3) Information on raw materials, processes, and products affecting wastewater volumes and quality.

(4) Quantity and disposition of specific liquid, sludge oil, solvent, or other materials important to sewer use control.

(5) A plot plan of sewers of the user's property showing sewer and pretreatment location.

(6) Details of wastewater pretreatment facilities.

(7) Details of systems to prevent and control the losses of materials through spills to the municipal sewer.

Sec.10. All measurements, tests, and analyses of the characteristics of waters and wastes to which reference is made in this ordinance shall be determined in accordance with the latest edition of "Standard Methods for the Examination of Water and Wastewater", published by the American Public Health Association. Sampling methods, location, times, durations, and frequencies are to be determined on an individual basis subject to approval by the Town.

Sec.11. No statement contained in this article shall be construed as preventing any special agreement or arrangement between the Town and any industrial concern where by an industrial waste of unusual strength or character may be accepted by the Town for treatment.

ARTICLE VI

Sec. 1. No person(s) shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface, or tamper with any structure, appurtenance or equipment which is a part of the wastewater facilities. Any person(s) violating this provision shall be subject to immediate arrest under charge of disorderly conduct.

ARTICLE VII

Powers and Authority of Inspectors

Sec. 1. The duly authorized employees of the Town bearing proper credentials and identification shall be permitted to enter all properties for the purposes of inspection, observation, measurement, sampling, and testing perti nent to discharge to the community system in accordance with the provisions of this ordinance.

Sec. 2. The Town or other duly authorized employees are authorized to obtain information concerning industrial processes which have a direct bearing on the kind and source of discharge to the wastewater collection system. The industry may withhold information considered confidential. The industry must establish that the revelation to the public of the information in question might result in an advantage to competitors.

Sec. 3. While performing the necessary work on private property referred to in Article XII, Section I, above, the Town shall observe all safety rules applicable to the premises established by the company, and the company shall be held harmless for injury or death to the Town's employees, and the Town shall indemnify the company against loss or damage to its property by Town employ ees and against liability claims and demands for per sonal injury or property damage asserted against the company and growing out of the gauging and sampling operation, except as such may be caused by negligence or failure of the company to maintain safe conditions as required in Article V, Section 8.

Sec. 4. The superintendent and other duly authorized employees of the Town bearing proper credentials and identification shall be permitted to enter all private properties through which the Town holds a duly negotiated easement for the purposes of, but not limited to, inspection, observation, measurement, sampling, repair, and maintenance of any portion of the wastewater facilities lying within said easement. All entry and subsequent work, if any, on said easement, shall be done in full accor dance with the terms of the duly negotiated easement pertaining to the private property involved.

ARTICLE VIII

Penalties

Sec. 1. Any person found to be violating any provision of this ordinance except Article VI shall be served by the Town with written notice stating the nature of the violation and providing a reasonable time limit for the satisfactory correction thereof. The offender shall, within the period of time stated in such notices, permanently cease all violations.

Sec. 2. Any person violating any of the provisions of this ordinance shall become liable to the Town for any expense, loss, or damage occasioned the Town by reason of such violation.

ARTICLE IX

Application of User Delinquent Fees

Sec. 1. When any payment is received for a delinquent bill, such payment shall first be applied to the outstanding debt related to sewer service. Upon satisfactory pay ment of all outstanding amounts related to sewer service, any remaining payments will be applied to out standing bills related to water service.

ARTICLE X

Validity

Sec. 1. All ordinances or parts of ordinances in conflict here with are hereby repealed.

Sec. 2. The invalidity of any section, clause, sentence, or provision of this ordinance shall not affect the validity of any other part of this ordinance which can be given effect without such invalid part or parts.

ARTICLE XI

Ordinance in Force

Sec. 1. This ordinance shall be in full force and effect from and after its passage, approval and recording thereof.

INDUSTRIAL SEWER CONNECTION APPLICATION

To the Town of Reedsville:

The undersigned being the _____ of
(owner, lessee, tenant, etc.)
the property located at _____

does hereby request a permit to _____ an
(install, use)
industrial sewer connection serving the _____
(name of company)
which company is engaged in _____

at said location.

1. A plan of the property showing accurately all sewers and drains now existing is attached hereunto as Exhibit "A".

2. Plans and specifications covering any work proposed to be performed under this permit is attached hereunto as Exhibit "B".

3. A complete schedule of all process waters and industrial wastes produced or expected to be produced at said property, including a description of the character of each waste, the daily volume and maximum rates of discharge, and representative analyses, is attached hereunto as Exhibit "C".

4. The name and address of the person or firm who will perform the work covered by this permit is _____
_____.

In consideration of the granting of this permit the undersigned agrees:

1. To furnish any additional information relating to the installation or use of the industrial sewer for which this permit is sought as may be requested by the Town.

2. To accept and abide by all provisions of the "Ordinance Regulating the Use of Sanitary Sewers", adopted on _____
_____, 1997, and of all other pertinent ordinances or regulations that may be adopted in the future.

3. To operate and maintain any waste pretreatment facilities, as may be required as a condition of the acceptance into the public sewer of the industrial wastes involved, in an efficient manner at all times, and at no expense to the Town.

4. To cooperate at all times with the Town and its representatives in their inspecting, sampling, and study of the industrial wastes, and any facilities provided for pretreat ment.

5. To notify the Town immediately in the event of any accident, negligence, or other occurrence that occasions discharge to the public sewers of any wastes or process waters not covered by this permit.

Date: _____ Signed: _____
(Applicant)

_____
(Address of Applicant)

$_____ tap fee paid.
Application approved
and permit granted. _____
(Certification by Town)

Date: _____ Signed: _____
(Superintendent)

RESIDENTIAL OR COMMERCIAL BUILDING

SEWER APPLICATION

To the Town of Reedsville:

The undersigned, being the _____ of the _____ property located at _____, does hereby request a permit to install and connect a building sewer to serve the _____ at said location.

(owner, owner's agent)

(number) (street)

(residence, commercial building, etc.)

1. The following indicated fixtures will be connected to the proposed building sewer:

Number	Fixture	Number	Fixture
_____	Kitchen Sinks	_____	Water Closets
_____	Lavatories	_____	Bath Tubs
_____	Laundry Tubs	_____	Showers
_____	Urinals	_____	Garbage Grinders

Specify other fixtures _____.

2. The maximum number of persons who will use the above fix tures is _____.

3. The name and address of the person or firm who will perform the proposed work is _____.

4. Plans and specifications for the proposed building sewer are attached hereunto as Exhibit "A".

In consideration of the granting of this permit, the under signed agrees:

1. To accept and abide by all provisions of the "Ordinance Regulating the Use of Sanitary Sewers" or regulations that may be adopted in the future.

2. To maintain the building sewer at no expense to the Town.

3. To notify the Town when the building sewer is ready for inspection and connection to the public sewer, but before any portion of the work is covered.

Date: _____ Signed: _____
(Applicant)

_____
(Address of Applicant)

$ _____ Tap fee paid.
Application approved
and permit issued: _____
(Certification by Town)

Date: _____ Signed: _____
(Superintendent)

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

PETITION OF SANITARY BOARD

The Sanitary Board of the Town of Reedsville (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that Sewer Revenue Bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be issued in two or more series in an aggregate amount not to exceed $3,500,000 for the purpose of (i) paying the Series 2009 A Bonds; (ii) financing a portion of the cost of acquisition and construction of certain additions, betterments and improvements to the existing sewerage system of the Town, together with all necessary appurtenances, and (iii) paying the costs of issuance and related costs.

Dated: December 14, 2011

SANITARY BOARD OF THE TOWN OF REEDSVILLE

By: _____
Its: Chairman

745200.00002

5698638

Town Council Meeting Minutes
Town of Reedsville
December 12, 2011

Start: 6:55pm Adjourn: 8:30pm

Attending:

Mayor: James B. Wagner; Council Members: P. Roth, S. Swank, R. Soccorsi, G. Sypolt
Employees: Randy Pyles and Loralie Hissam

The meeting was called to order by Mayor J.B. Wagner. R. Soccorsi made a motion the minutes be approved as written, G. Sypolt seconded the motion, which council approved.

The account balances were read, and accounts payable were submitted for approval and payment. S. Swank made a motion to pay the bills; R. Soccorsi seconded the motion which council approved.

Old Business:

Police Dept: Chief Hissam discussed the meeting with several citizens on Grove Ave. concerning peeping Tom

Street Dept: R. Pyles discussed pot holes in the street, the spreader box and working on Durango

Town Hall: Discussed clerk's desk and fact that there will be No Council meeting on Monday, December 26, 2011. Sewer Service pre-bid meeting went well. Council discussed needing to get a fifth council member. There is a need for 15 MPH street signs

New Business:

"Bonds": To consider on the first reading and act upon a proposed Bond Ordinance providing for the issuance of its Sewer Revenue Bonds, Series 2012 B (the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the issuer (the "Project"); (ii) to pay the Series 2009 A Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the system of the City.

S. Swank made a motion to approve the 1st Reading of the 2012 Bonds Ordinance and was seconded by G. Sypolt. The Council approved the 1st Reading of the "Bond Ordinance" by the following vote:

Council Member	Yes	No	Abstain
Pindle Roth	X		
Greg Sypolt	X		
Stephen Swank	X		
Robert Soccorsi	X		

Need to have the newspaper to run an article that there will be No Parking along or on the streets from December 15, 2011 thru April 15, 2012.

The next council meeting will be January 9, 2012, also the second reading of the Bond Ordinance.

P. Roth made a motion to adjourn; S. Swank seconded the motion, which council approved. Meeting adjourned at 8:30pm.

Town Council Meeting Minutes
Town of Reedsville
February 13, 2012

Start: 7:00pm Adjourn: 8:15pm

Attending:

Mayor: James B. Wagner; Council Members: P. Roth, S. Swank, R. Soccorsi, G. Sypolt
Town Employee: Randy Pyles
Guest: Tom Aman, Steptoe and Johnson

The meeting was called to order by Mayor J.B. Wagner. R. Soccorsi made a motion the minutes be approved as written, P. Roth seconded the motion, which council approved.

The account balances were read, and accounts payable were submitted for approval and payment. R. Soccorsi made a motion to pay the bills; S. Swank seconded the motion which council approved.

Public meeting called to order by Mayor Wagner.

The third reading of the proposed Sewer Bond Ordinance, which was read by Tom Aman of Steptoe and Johnson, PLLC, was presented to the Town Council. S. Swank made a motion to approve the ordinance and authorize Mayor Wagner to approve and sign it for the Town of Reedsville; P. Roth seconded the motion. The council vote which is as follows:

Council Member	Yes	No	Abstain
Pindle Roth	X		
Greg Sypolt	X		
Stephen Swank	X		
Robert Soccorsi	X		
Vacant Council Seat			

Mayor Wagner proceeded to authorize and sign the ordinance for the Town of Reedsville. The public Meeting was adjourned by Mayor Wagner. Council returned to the regular meeting.

Old Business:

Police Dept: Discussed the submission of advertisement for a full time Police Officer. The ad was run from Wednesday (2/8/12) through Sunday (2/12/12) because the cost to run it for two weeks was too expensive.

Street Dept: The insulation boards have been placed on the garage walls and the new lights donated by R. Soccorsi have also been installed.

Town Hall: Discussed the preparations for the Fiscal Year 2012-2013 budget. We have received information from the Auditors Office, but not the information in regards to the property

assessments from the County Assessor.

New Business:

Town Hall: Discussed Morgan Mayfield's request for a building permit to remodel the old post office and other buildings. The cost is $100,000.00. Contractor's B&O tax has been paid up front. G. Sypolt made a motion to issue the permit; P. Roth second the motion, which council approved.

Discussed Farmers Market coming to Town. If it is under the Arthurdale Heritage, which is nonprofit there will be no B&O Tax. If done as individuals, B&O tax will be charges. Either way a business license is required.

Executive Session:

1) Discussed raise for Clerk Danielle Fletcher
2) Discussed the need for a vacuum cleaner and microwave. G. Sypolt made a motion to buy vacuum, R. Soccorsi second motion, which council approved.
3) Discussed need to recycle glass for Superior Fiber
   Left Executive Session!

R. Soccorsi made a motion to adjourn; S. Swank seconded the motion, which council approved. Meeting adjourned at 8:15pm.

Town Council Meeting Minutes
Town of Reedsville
January 9, 2012

Start: 7:00pm Adjourn: 7:40pm

Attending:

Mayor: James B. Wagner; Council Members: P. Roth, S. Swank, R. Soccorsi, G. Sypolt

The meeting was called to order by Mayor J.B. Wagner. G. Sypolt made a motion the minutes be approved as written, R. Soccorsi seconded the motion, which council approved.

The account balances were read, and accounts payable were submitted for approval and payment. P. Roth made a motion to pay the bills; S. Swank seconded the motion which council approved.

Old Business:

Police Dept: We will be putting together and add to place in the paper for hiring a police offer, as L. Hissam resigned on Dec. 30, 2011

Street Dept: Pot holes filled on streets

Town Hall: Desk for receptionist came in and was wrong. The company sold us the wrong desk for only $75.00 and will send the correct desk for the Clerk.

Sewer bid opening was discussed.

New Business:

"Bonds": To consider on the second reading and act upon a proposed Bond Ordinance providing for the issuance of its Sewer Revenue Bonds, Series 2012 B (the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the issuer (the "Project"); (ii) to pay the Series 2009 A Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the system of the City.

S. Swank made a motion to approve the 2nd Reading of the 2012 Bonds Ordinance and was seconded by G. Sypolt. The Council approved the 2nd Reading of the "Bond Ordinance" by the following vote:

Council Member	Yes	No	Abstain
Pindle Roth	X		
Greg Sypolt	X		
Stephen Swank	X		
Robert Soccorsi	X		

Police Dept:

1) Discussed L. Hissam resignation letter. G. Sypolt made a motion to accept her resignation. S. Swank second the motion, which council approved.
2) Discussed the updating of the mobile radio in the Crown Vic., including updating compliance code in all mobile units and portable unit.

Street Dept.:

1) Cinder box engine had to be replaced

Town Hall:

The third and final reading of the Bond Ordinance will be read at February 13, 2012 meeting.

S. Swank made a motion to adjourn; P. Roth seconded the motion, which council approved. Meeting adjourned at 7:40pm.

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program)

EXCERPT OF MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION, APPOINTMENT OF ACTING RECORDER; APPOINTMENT OF ENGINEER TO SANITARY BOARD AND DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned CLERK of the Town of Reedsville of hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Council:

*** *** ***

The Council of the Town of Reedsville met in regular session, pursuant to notice duly posted, on the 27th day of February, 2012, in Preston County, West Virginia, at the hour of 7:00 p.m.

PRESENT:
James B. Wagner
Stephen Swank
Robert Soccorsi
Greg Sybolt
Pindle Roth
John Stump, Steptoe & Johnson

ABSENT: None

James B. Wagner, Mayor, presided. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

APPOINTMENT OF ACTING RECORDER

A motion was made by Greg Sybolt to appoint Stephen Swank as acting Recorder to fill the vacancy. The motion was seconded by Robert Soccorsi and the motion passed.

SUPPLEMENTAL REOLUTION FOR THE ISSUANCE OF BONDS

The Mayor then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2012 B

(WEST VIRGINIA SRF PROGRAM) OF THE TOWN OF REEDSVILLE; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Greg Sybolt and seconded by Pindle Roth, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

APPOINTMENT OF ENGINEER TO SANITARY BOARD

A motion was made by Pindle Roth and seconded by Greg Sybolt to authorize the Mayor to appoint a professional engineer to the Sanitary Board prior to the construction of the project. The motion passed.

DRAW RESOLUTION FOR THE PAYMENT OF INVOICES

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Greg Sybolt and seconded by Pindle Roth, it was unanimously ordered that the said Draw Resolution be adopted.

SWEEP RESOLUTION AUTHORIZING ELECTRONIC PAYMENT OF BONDS

Next, the Mayor presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Robert Soccorsi and seconded by Pindle Roth, it was unanimously ordered that the said Sweep Resolution be adopted.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Town of Reedsville and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 15th day of March, 2012.

Clerk

02.24.12
745200.00002

Certificate of Publication

LEGAL NOTICE

NOTICE OF PUBLIC HEARING ON THE
TOWN OF REEDSVILLE BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the Town of Reedsville (the "Town") to be held on Monday, February 13, 2012, at 7:00 p.m. at the Town Hall, Reedsville, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE PAYMENT OF THE SERIES 2009 A BONDS AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF REEDSVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF REEDSVILLE OF NOT MORE THAN $2,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $1,500,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING BOND PURCHASE AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) to pay the Series 2009 A Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable from the revenues derived from the System. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the Town of Reedsville on January 9, 2012. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

Following the public hearing, the Town intends to enact the Ordinance upon final reading.

Danielle Fletcher
Clerk
2/1,8

I, **Carol Peters,** the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that
the notice

Ordinance

a copy of which notice is hereto annexed, was published in said paper for Two successive weeks, beginning with its issue of 2/1/12

and expiring with its issue of 2/8/12

And, I do further certify that on 2/8/12

posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

Carol Peters
ADVERTISING MANAGER

Subscribed and sworn to before me this the 8th day of February, 20 12

Dennis E. Peters
NOTARY PUBLIC

My commission expires 6/29/2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
110 WEST MAIN ST.
KINGWOOD, WV 26537
My commission expires June 29, 2014

Kingwood, WV _____
Received of _____
Amount for publishing notice hereto $_____

_____
ADVERTISING MANAGER

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 3/15/2012

ISSUE: Town of Reedsville
Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program)

ADDRESS: P.O. Box 397, Reedsville, West Virginia 26547 COUNTY: Preston

PURPOSE OF ISSUE:
New Money: X
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 3/15/2012
CLOSING DATE: 3/15/2012
ISSUE AMOUNT: $1,770,000
RATE: 0% 0.5% Admin Fee
1ST DEBT SERVICE DUE: 3/1/2014
1ST PRINCIPAL DUE 3/1/2014
1ST DEBT SERVICE AMOUNT $11,569
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: Clear Mountain Bank
Contact: Janice Maxwell
Phone: 304.864.2265

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: James Wagner
Position: Mayor
Phone: 304.698.9997 / 304.864.3437

OTHER:
Agency: West Virginia Department of Environmental Protection
Contact: Rosalie Brodersen
Position: Program Manager
Phone: 304.926.0499 x 1608

DEPOSITS TO MBC AT CLOSE
By: x Wire
Check

	Accrued Interest:	$
	Capitalized Interest:	$
	Reserve Account:	$
x	**Other 2009 A Desigr**	$ 302,669.38
	from IJDC Grant Proceeds	

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: Wire
Check
IGT

	To Escrow Trustee	$
	To Issuer	$
	To Cons. Invest. Fun	$
	To Other:	$

NOTES: The Series 2012 A Bonds Reserve Account will be funded over 10 years.

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

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Clear Mountain Bank, Reedsville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Reedsville (the "Issuer") enacted by the Issuer on February 13, 2012, and a Supplemental Resolution adopted by the Issuer on February 27, 2012 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), each dated March 15, 2012, in the respective aggregate principal amounts of $1,770,000 and $1,000,000 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 15th day of March, 2012.

CLEAR MOUNTAIN BANK

By: _____
Its: Authorized Officer

745200.00002

5888325

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Reedsville Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), each dated March 15, 2012, in the respective aggregate principal amounts of $1,770,000 and $1,000,000 (collectively, the "Series 2012 Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2012 Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2012 Bonds.

WITNESS my signature on this 15th day of March, 2012.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

745200.00002

5888328

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the Town of Reedsville (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), of the Issuer, dated March 15, 2012, in the principal amount of $1,770,000, numbered AR-1, and the single, fully registered Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), of the Issuer, dated March 15, 2012, in the principal amount of $1,000,000, numbered BR-1, were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 15th day of March, 2012.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

745200.00002

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 15th day of March, 2012, by and between the TOWN OF REEDSVILLE, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,770,000 principal amount of Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program) and $1,000,000 principal amount of Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), in fully registered form (collectively, the "Series 2012 Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted February 13, 2012, and a Supplemental Resolution of the Issuer duly adopted February 27, 2012 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2012 Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Series 2012 Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2012 Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest, if any, on the Series 2012 Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:
Town of Reedsville
P.O. Box 397
Reedsville, West Virginia 26547
Attention: Mayor

REGISTRAR:
Huntington National Bank
1 Huntington Square
Charleston, West Virginia 25301

8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The registrar shall carry out applicable requirements of 40 CFR part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legal available remedies.

9. The Registrar is hereby requested and authorized to authenticate and deliver the Series 2012 Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF REEDSVILLE

By: _____
Its: Mayor

HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

745200.00002

5888335

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See Attached)

Huntington

Huntington Wealth Advisors
900 Lee Street - 2nd Floor · WE3013 · Charleston, West Virginia 25301

STATEMENT OF REGISTRAR'S FEES
Invoice Date March 15, 2012

Town of Reedsville
Account Number 6089001809

Town of Reedsville
Sewer Revenue Bonds, Series 2012 A
c/o Katy Mallory
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR March, 2012

****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

and Huntington® are federally registered service marks of Huntington Bancshares Incorporated.

ACORD CERTIFICATE OF LIABILITY INSURANCE

INSURED COPY | DATE (MM/DD/YY) 11/18/11

PRODUCER Serial # A14701

WV BOARD OF RISK & INSURANCE MGT.
90 MACCORKLE AVE. SW, SUITE 203
SOUTH CHARLESTON, WV 25303

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED
TOWN OF REEDSVILLE
PO BOX 397
REEDSVILLE, WV 26547

INSURER A: NATIONAL UNION FIRE CO OF PITTSBURGH, PA
INSURER B:
INSURER C:
INSURER D:
INSURER E:

COVERAGES

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

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS		
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR X WRONGFUL ACT X PROFESSIONAL GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	640	07/01/2011	07/01/2012	EACH OCCURRENCE FIRE DAMAGE (Any one fire) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ $ $ $ $ $	1,000,000 100,000 0 INCLUDED NONE NONE
A	AUTOMOBILE LIABILITY ANY AUTO X ALL OWNED AUTOS X SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	640	07/01/2011	07/01/2012	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $	1,000,000
	GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $	
	EXCESS LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE AGGREGATE	$ $ $ $ $	
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY STOPGAP	640	07/01/2011	07/01/2012	WC STATU-TORY LIMITS / OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $	1,000,000 1,000,000 1,000,000
	OTHER						

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

SUBJECT TO THE PROVISIONS, CONDITIONS AND EXCLUSIONS OF THE POLICIES LISTED ABOVE, IT IS AGREED THAT THE CERTIFICATE HOLDER IS AN "ADDITIONAL INSURED" WITH RESPECTS TO:

CERTIFICATE HOLDER ADDITIONAL INSURED; INSURER LETTER:

WV WATER DEVELOPMENT
180 ASSOCIATION DR.
CHARLESTON, WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Jerry L. Gladwell

ACORD 25-S (7/97)
C:\FMPRO\CERTPROS.WEB

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STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **March 15, 2012**

Re: **Town of Reedsville**
207 South Robert Stone Way
Reedsville, West Virginia 26547
Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program); and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program)

---

1. DISBURSEMENTS TO THE TOWN OF REEDSVILLE

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2012 A Bonds Proceeds
Amount:	$90,760
Form:	Wire Transfer
Payee:	Town of Reedsville
Bank:	Clear Mountain Bank 115 North Robert Stone Way, Reedsville, West Virginia 26547
ABA No.:	051502599
Acct. No.:	1869957
Contact:	Janice Maxwell, 304.864.2265
Account:	Series 2012 Bonds Construction Trust Fund

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2012 B Bonds Proceeds
Amount:	$47,740
Form:	Wire Transfer
Payee:	Town of Reedsville
Bank:	Clear Mountain Bank 115 North Robert Stone Way, Reedsville, West Virginia 26547
ABA No.:	051502599
Acct. No.:	1869957
Contact:	Janice Maxwell, 304.864.2265
Account:	Series 2012 Bonds Construction Trust Fund

Payor:	West Virginia Infrastructure Fund
Source:	Grant Proceeds
Amount:	$1,466.06
Form:	Wire Transfer
Payee:	Town of Reedsville
Bank:	Clear Mountain Bank
	115 North Robert Stone Way, Reedsville, West Virginia 26547
ABA No.:	051502599
Acct. No.:	1869957
Contact:	Janice Maxwell, 304.864.2265
Account:	Series 2012 Bonds Construction Trust Fund

DISBURSEMENTS TO MUNICIPAL BOND COMMISSION

Payor:	West Virginia Infrastructure Fund
Source:	Grant Proceeds
Amount:	$302,669.38
Form:	Wire Transfer
Payee:	Town of Reedsville
Bank:	Municipal Bond Commission
Bank:	BB&T for benefit of Municipal Bond Commission
Contact:	Sara Boardman, 304.558.3971
Acct. No.:	5270517317
ABA:	051503394
Account:	Payoff Series 2009 A Bonds

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street S.E.
Charleston, WV 25304
Phone: (304) 926-0495
Fax: (304) 926-0496

Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
dep.wv.gov

March 1, 2012

Honorable James Wagner
Mayor of Town of Reedsville
PO Box 397
Reedsville, WV 26547

RE: Town of Reedsville
SRF No. C-544478
Payment Request

Dear Mayor Wagner:

The first CWSRF payment reimbursement request in the amount of $138,500 has been approved by this office. A direct deposit to the construction account at the Clear Mountain Bank will be available on March 15, 2012.

The bond closing has been scheduled for March 15, 2012 at the Water Development Authority's office.

Enclosed is the RF-91 payment request form that was processed by our office.

Should you have any questions please do not hesitate to contact Carrie Grimm at 304/926-0499 extension #1605 or Carrie.L.Grimm@wv.gov .

Sincerely,

Rosalie Brodersen
Management Section Manager
Clean Water SRF Program

RB/cg

cc: Region VI P&DC (w/enc)
Thrasher Engineering, Inc.
Steptoe & Johnson

DEP CWSRF PAYMENT REQUISITION FORM

Rev 04/07/09

1. LOAN RECIPIENT/VENDOR:

NAME: Town of Reedsville (Sewer Services)

ADDRESS: P.O. Box 397

Reedsville, WV 26547

FEIN: 55-0637757

DUNS: 088541482

2. SRF #: C-544478

FEB 20 2012

3. INVOICE NUMBER: 1

4. PERIOD COVERED BY THIS REQUEST (MO/DAY/YR)

FROM: (MO/DAY/YR) 02/01/11

TO: (MO/DAY/YR) 02/27/12

5. % of PHYSICAL CONSTRUCTION COMPLETION '0%

CLASSIFICATION	A) APPROVED BUDGET	B) PREVIOUS APPROVED	C) THIS REQUEST	D) TOTAL COLUMNS B&C	E) AGENCY USE ONL
1) CONSTRUCTION	$ 1,719,474	$ -	47,240	$ 47,240	47,240
2) JENMAR CONST	$ 507,175	$ -	0	$ -	
3) ENGINEERING					
a. Design	$ 45,000	$ -	20,000	$ 20,000	20,000
b. Res. Proj. rep.	$ 150,000	$ -	0	$ -	
c. Add'l Services	$ 63,000	$ -	0	$ -	
d. Jenmar Engineering	$ 62,000	$ -	0	$ -	
4) LEGAL	$ 22,850	$ -	15,350	$ 15,350	15350
5) ACCOUNTING	$ 20,000	$ -	20,000	$ 20,000	20,000
6) ADMINISTRATIVE	$ 45,000	$ -	13,269	$ 13,269	13,269
7) INTERIM FINANCING	$ -	$ -	0	$ -	
8) CONTINGENCY	$ 79,301	$ -	0	$ -	
9) PERMITS/Electrical/Ads	$ 34,200	$ -	641	$ 641	641
10) CLOSING COSTS	$ 22,000	$ -	22,000	$ 22,000	22,000
11) SUBTOTAL	$ 2,770,000	$ -	138,500	$ 138,500	138,500
12) LESS PREVIOUSLY PAID				$ -	-00
13) INVOICE AMOUNT				$ 138,500	138,500

14) James B. Wagner 02/27/12

AUTHORIZED SIGNATURE DATE

James Wagner, Mayor

TYPED OR PRINTED NAME AND TITLE

15)

PERSON PREPARING FORM SIGNATURE

Lea Wolfe

TYPED OR PRINTED NAME AND TITLE

AGENCY USE ONLY:

THIS REQUEST APPROVED BY:

2/29/12

PROJECT REVIEWER DATE

WV DEPARTMENT OF ENVIRONMENTAL PROTECTION

3/2/12

AUTHORIZED OFFICER DATE

DEBIT CONFIRMATION

Transaction Reference Number:	2012031500001942
Value Date:	03/15/2012
Account Number:	17
Account Name:	STATE OF WEST VIRGINIA OFFICE OF THE ST TREASURER MAIN AC 122 STATE CAPITOL ROOM E CHARLESTON WV 25305
Reference Number:	0315E3QP021C000255
Transaction Posting Time:	2012/03/15 09:19:10

Amount:	138,500.00	Currency:	US Dollar

Debit Party Information:	17/ STATE OF WEST VIRGINIA OFFICE OF THE ST TREASURER MAIN AC 122 STATE CAPITOL ROOM E CHARLESTON WV 25305
Sender's Reference:	2543490WTQP
Credit Party Information:	99 CLEAR MOUNTAIN BANK BRUCETON MILLS, WV
Beneficiary Party Information:	957 TOWN OF REEDSVILLE PO BOX 397 REEDSVILLE WV 26547
Originator to Beneficiary Information:	SEWER REV BONDS 2012A, 2012B BONDS WV SRF PROGRAMCONTACT: JANICE MAXWE LL 304 864-2265

20-789
Permit File

encl Chg K
Phil S

State of West Virginia
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL & WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

RECEIVED
APR 6 2010
THRASHER ENGINEERING, INC

PERMIT

PROJECT: (Sewer) Arthurdale Sewer Connection and Sewer System Rehabilitation

PERMIT NO.: 18,524

LOCATION: Reedsville **COUNTY:** Preston **DATE:** 4-2-2010

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Town of Reedsville
P. O. Box 397
Reedsville, West Virginia 26547

is hereby granted approval to: install approximately 450 LF of 6" and 5,725 LF of 8" sewer line; "pipe burst" approximately 2,380 LF of 6" and 2,790 LF of 8" sewer line; add/replace/rehabilitate numerous manholes; upgrade the "Main" sewage pump station from a 220 GPM station to a 275 GPM station; replace the pumps in "Brandinn Acres" sewage pump station; add "M" duplex submersible sewage pump station with two (2) 47 GPM pumps; approximately 6,860 LF of 3" force main; and all necessary valves, controls and appurtenances.

Facilities are to rehabilitate some existing sewage collection lines in the Town of Reedsville and Arthurdale and to extend sewer service to Arthurdale. Arthurdale sewage will now discharge to the Town of Reedsville sewage treatment facilities

The Environmental Engineering Division of the **OEHS-Philippi District Office, (304) 457-2296,** is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:snj

pc: Thrasher Engineering, Inc.
Katheryn Emery, P.E., DEP
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
~~Preston County Health Department~~
OEHS-EED Philippi District Office

OWR Permit Details

(1)OWR Permit	
PERMITTEE	REEDSVILLE TOWN OF
DEP OFFICE	OWR
PERMIT ID	WV0104388
ISSUE/REISSUE DATE	08/19/09
EXPIRATION DATE	06/30/14
FACILITY NAME	Reedsville Sewage Collection System
DESCRIPTION	N/A
No. of CUSTOMERS	210
DISTURBED ACRES	
SLUDGE TONNAGE	
DESIGN FLOW(MGD)	0.070000
AVERAGE FLOW(MGD)	
MAJOR FACILITY	N
EXTENSION DATE	

(1)Permit Status	
ACTIVE YES/NO	Y
OPEN/CLOSED	O
STATUS	Modified

(1) County / Quad	
County: Preston	Quad: MASONTOWN

(2) Inspectable Units	
INSPECTABLE UNIT CODE	TYPE
ENTIRE	Entire Default
IU01	Industrial Users(Pretreatment)

(2) Permit Geography		
INSPECTABLE UNIT CODE:	ENTIRE	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	39° 31'23.0000"	
LONGITUDE:	79° 48'46.0000"	
COUNTY:	Preston	
INSPECTABLE UNIT CODE:	IU01	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	39° 31'23.0000"	
LONGITUDE:	79° 48'46.0000"	
COUNTY:	Preston	
USWRC WATERSHED:	Monongahela River	
SCS WATERSHED:	Lower Deckers Creek	
USWRC WATERSHED:	Monongahela River	
SCS WATERSHED:	Monongahela River Direct Drains - 060	

SWEEP RESOLUTION

WHEREAS, the Town of Reedsville (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, shall be made to the MBC by electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Mayor and Clerk are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 27th day of February, 2012.

James B. Wagner
Mayor

Danielle Stalnaker
Clerk

IC-2
(03/11)

GRANT AGREEMENT
(2005S-867/C-544478)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), at the direction of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the TOWN OF REEDSVILLE (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $737,488 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources. The Project budget shall not be amended unless the Governmental Agency has received the prior written consent of the Council.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority. Unless agreed to by the Council prior to the commencement of construction, the Grant shall be the last dollars expended on the Project.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit B, unless the Council and Authority are provided replacement instructions in writing.

6. The Governmental Agency shall comply with and is bound by the Council=s rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

8. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

9. This Grant Agreement shall be governed by the laws of the State of West Virginia.

10. The Grant has the following special condition: Prior to bidding the contract for the Jennmar extension, the Governmental Agency shall provide to the Council: (1) revised professional services agreements (if any); (2) an approved set of Plans and Specs for bidding purposes; and (3) preliminary title opinion acceptable to the Council stating that at least 80% of all lands, easements and rights of way have been obtained that are necessary for construction of the Jennmar extension. Prior to the advancement of any funds itemized in the Schedule B to be expended on the Jennmar extension, the Governmental Agency shall provide to the Council: (1) evidence of acceptable bids that conforms to the financing plan including a revised Schedule B reducing the grant amount if the bids are under estimate; (2) a Certificate of Public Convenience and Necessity from the PSC for the Jennmar extension; (3) a final title opinion in a form acceptable to the Council stating that all lands, easements and rights of way have been obtained that are necessary for construction of the Jennmar extension; (4) evidence of any new permits or permit modifications submittal pending approval; and (5) an executed addendum to the Certificate of the Consulting Engineer containing certifications with respect to the bids for the Jennmar extension.

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

TOWN OF REEDSVILLE

By: _____
Its: Mayor
Date: March 15, 2012

(SEAL)

Attest:
_____

Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: March 15, 2012

(SEAL)

Attest:
_____

Its: Authorized Officer

Exhibit A

Project Description

The Project consists of the additions and improvements to the existing public sewer system of the Governmental Agency, together with all appurtenant facilities.

Number of New Customers to Be Served: 54
Location: Arthurdale are
Extension: 2
Location: Jennmar area

[TO BE PLACED ON LETTERHEAD]

Exhibit B

Wiring Instructions

Town of Reedsville
P.O. Box 397
Reedsville, WV 26547

Payor:	**West Virginia Water Development Authority**
Source:	**Grant Proceeds**
Amount:	**$**_____
Date:	_____
Form:	**Electronic Funds Transfer**
Payee:	**Town of Reedsville, P.O. Box 397, Reedsville, WV 26547**
Contact Name:	_____
Telephone:	**(304)** _____
Bank Name:	**Clear Mountain Bank**
Bank Street Address:	**115 North Robert Stone Way, Reedsville, WV 26547**
Bank Contact:	**Janice Maxwell**
Telephone:	**(304) 864-2265**
ABA No.:	**051502599**
Account No.:	**1869957**
Account Name:	**Series 2012 Bonds Construction Trust Fund**

Exhibit C

SCHEDULE B 02/23/12
TOWN OF REEDSVILLE
2005S-867
COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	Total	WDA Design Loan	Revised Total (Total - WDA Design Loan)	SRF Loan (38 yrs, 0%)	SRF Debt Forgiveness	IJDC Grant
1. Construction						
Contract 1 - Stonegate	989,183.00	0.00	989,183.00	410,121	539,500	39,562.00
Contract 2 - Stonegate	769,853.00	0.00	769,853.00	309,853	460,000	
Jennmar Contract	670,175.00	0.00	670,175.00	507,175		163,000.00
Contingency	87,952.00	0.00	87,952.00	43,976	0	43,976.00
Jennmar Contingency	71,680.62	0.00	71,680.62	35,325	0	36,355.62
2. Technical Services						
a. Preliminary Engineering	80,000.00	80,000.00	0.00	0	0	0.00
b. Basic Engineering	165,000.00	120,000.00	45,000.00	45,000	0	0.00
c. Inspection	150,000.00	0.00	150,000.00	150,000	0	0.00
d. Special Services	105,000.00	42,000.00	63,000.00	63,000	0	0.00
e. Asset Management	0.00	0.00	0.00	0	0	0.00
f. Jennmar Engineering Services	124,000.00	0.00	124,000.00	62,000		62,000.00
3. Legal & Fiscal						
a. Legal (Project)	30,000.00	22,150.00	7,850.00	7,850	0	0.00
b. Legal (PSC)	15,000.00	0.00	15,000.00	15,000	0	0.00
Jennmar Legal	10,000.00	0.00	10,000.00			10,000.00
c. Accounting	30,000.00	10,000.00	20,000.00	20,000	0	0.00
Jennmar Accounting	5,000.00		5,000.00			5,000.00
4. Sites & Lands	62,000.00	17,075.00	44,925.00	0	0	44,925.00
Jennmar Sites & Lands	20,000.00	0.00	20,000.00	0	0	20,000.00
5. Miscellaneous						
a. Admin	60,000.00	15,000.00	45,000.00	45,000	0	0.00
Jennmar Admin	10,000.00		10,000.00			10,000.00
b. Permits	9,500.00	300.00	9,200.00	9,200	0	0.00
6. Electrical Service	25,000.00	0.00	25,000.00	25,000	0	0.00
7. WVDOH Permit & Bonds	0.00	0.00	0.00	0	0	0.00
8. Int. Financing Costs (bond counsel; registrar; MBC fee	6,194.54	6,194.54	0.00	0	0	0.00
Principal paid on design loan	(10,050.15)	(10,050.16)				
9. Payoff WDA Design Loan		302,669.38	302,669.38	0	0	302,669.38
10 Subotal (Lines 1 through 9)	3,485,488.01		3,485,488.00	1,748,500	999,500	737,488.00
B. Cost of Financing						
11. Capitalized Interest	0.00				0	
12. Reserve	0.00				0	
13. Bond Counsel	21,000.00		21,000.00	21,000	0	0.00
14. Bank Registrar Fee	1,000.00		1,000.00	500	500	0.00
15. Total Cost of Financing (lines 11 through 14)	22,000.00		22,000.00	21,500	500	0.00
16. TOTAL PROJECT COST (line 10 plus line 15)	3,507,488.01		3,507,488.00	1,770,000	1,000,000	737,488.00
C. Sources of Funds						
17. Federal Grants	0.00		0.00	0	0	0.00
18. State Grants (IJDC)	737,488.00		737,488.00	0	0	737,488.00
19. Other Sources	0.00		0.00	0	0	0.00
20. TOTAL GRANTS	737,488.00		737,488.00	0	0	737,488.00
21. Size of Bond Issue	2,770,000.01		2,770,000.00	1,770,000	1,000,000	0.00

Town of Reedsville — March 15, 2012 Date

Thrasher Engineering — March 15, 2012 Date

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, series 2012 B
(West Virginia SRF Program)

RECEIPT AND RELEASE

The undersigned duly authorized representative of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), the paying agent of Town of Reedsville Sewerage System Design Revenue Bonds, Series 2009 A, dated May 21, 2009, issued in the original aggregate principal amount of $382,000 (the "Series 2009 A Bonds"), hereby certifies and declares that on the date hereof, the Commission received on behalf of the Town of Reedsville (the "Issuer") the sum of $302,669.38 and that such sum is sufficient to pay in full the entire outstanding principal of and all interest accrued on the Series 2009 A Bonds to the date hereof and to discharge all liens, pledges and encumbrances securing the Series 2009 A Bonds.

Dated this 15th day of March, 2012.

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Authorized Officer

745200.00002

5698706

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF REEDSVILLE
SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2009 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $382,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 21st day of May, 2009, the TOWN OF REEDSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of THREE HUNDRED EIGHTY TWO THOUSAND DOLLARS ($382,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. Interest only shall commence on the date hereof on the amounts advanced and outstanding, payable in quarterly installments on January 1, April 1, July 1 and October 1 of each year in arrears at the rate of 3% per annum, with the first payment due on July 1, 2009. Commencing June 1, 2011, interest accrues at 5% per annum and interest and principal payments are payable in quarterly installments on January 1, April 1, July 1 and October 1 of each year commencing on July 1, 2011, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority dated May 21, 2009.

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

Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on March 23, 2009, and a Supplemental Resolution duly adopted by the Issuer on May 11, 2009 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 2001, DATED AUGUST 22, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $450,000 (THE "SERIES 2001 BONDS" OR THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2001 Bonds; and from monies in the reserve account created under the Bond Legislation for the Series 2009 A Bonds (the "Series 2009 A Bonds Reserve Account"), and unexpended proceeds of the Series 2009 A Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and 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 monies in the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenue on a parity with the Series 2009 A Bonds including the Prior Bonds; provided however, that, so long as there exists in the Series 2009 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2009 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Series 2009 A Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer

satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF REEDSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

ATTEST:

Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: May 21, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $98,750	May 21, 2009	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

$382,000

Town of Reedsville

Closing Date: May 21, 2009

Dated Date	5/21/2009
Delivery Date	5/21/2009

Period Ending	Principal	Coupon	Interest	Debt Service
7/1/2009		3.000%		
10/1/2009		3.000%		
1/1/2010		3.000%		
4/1/2010		3.000%		
7/1/2010		3.000%		
10/1/2010		3.000%		
1/1/2011		3.000%		
4/1/2011-5/31/2011		3.000%		
6/1/2011-6/30/2011		5.000%		
7/1/2011	1,084.	5.000%	1,591.67	2,675.67
10/1/2011	3,293.	5.000%	4,761.45	8,054.45
1/1/2012	3,334.	5.000%	4,720.29	8,054.29
4/1/2012	3,376.	5.000%	4,678.61	8,054.61
7/1/2012	3,418.	5.000%	4,636.41	8,054.41
10/1/2012	3,461.	5.000%	4,593.69	8,054.69
1/1/2013	3,504.	5.000%	4,550.43	8,054.43
4/1/2013	3,548.	5.000%	4,506.63	8,054.63
7/1/2013	3,592.	5.000%	4,462.28	8,054.28
10/1/2013	3,637.	5.000%	4,417.38	8,054.38
1/1/2014	3,683.	5.000%	4,371.91	8,054.91
4/1/2014	3,729.	5.000%	4,325.88	8,054.88
7/1/2014	3,775.	5.000%	4,279.26	8,054.26
10/1/2014	3,822.	5.000%	4,232.08	8,054.08
1/1/2015	3,870.	5.000%	4,184.30	8,054.30
4/1/2015	3,919.	5.000%	4,135.93	8,054.93
7/1/2015	3,968.	5.000%	4,086.94	8,054.94
10/1/2015	4,017.	5.000%	4,037.34	8,054.34
1/1/2016	4,067.	5.000%	3,987.13	8,054.13
4/1/2016	4,118.	5.000%	3,936.29	8,054.29
7/1/2016	4,170.	5.000%	3,884.81	8,054.81
10/1/2016	4,222.	5.000%	3,832.69	8,054.69
1/1/2017	4,275.	5.000%	3,779.91	8,054.91
4/1/2017	4,328.	5.000%	3,726.48	8,054.48
7/1/2017	4,382.	5.000%	3,672.38	8,054.38
10/1/2017	4,437.	5.000%	3,617.60	8,054.60
1/1/2018	4,492.	5.000%	3,562.14	8,054.14
4/1/2018	4,548.	5.000%	3,505.99	8,053.99
7/1/2018	4,605.	5.000%	3,449.14	8,054.14
10/1/2018	4,663.	5.000%	3,391.58	8,054.58
1/1/2019	4,721.	5.000%	3,333.29	8,054.29
4/1/2019	4,780.	5.000%	3,274.28	8,054.28
7/1/2019	4,840.	5.000%	3,214.53	8,054.53
10/1/2019	4,900.	5.000%	3,154.03	8,054.03
1/1/2020	4,962.	5.000%	3,092.78	8,054.78
4/1/2020	5,024.	5.000%	3,030.75	8,054.75
7/1/2020	5,087.	5.000%	2,967.95	8,054.95

BOND DEBT SERVICE

$382,000

Town of Reedsville

Closing Date: May 5, 2009

Period Ending	Principal	Coupon	Interest	Debt Service
10/1/2020	5,150.	5.000%	2,904.36	8,054.36
1/1/2021	5,214.	5.000%	2,839.99	8,053.99
4/1/2021	5,280.	5.000%	2,774.81	8,054.81
7/1/2021	5,346.	5.000%	2,708.81	8,054.81
10/1/2021	5,412.	5.000%	2,641.99	8,053.99
1/1/2022	5,480.	5.000%	2,574.34	8,054.34
4/1/2022	5,549.	5.000%	2,505.84	8,054.84
7/1/2022	5,618.	5.000%	2,436.48	8,054.48
10/1/2022	5,688.	5.000%	2,366.25	8,054.25
1/1/2023	5,759.	5.000%	2,295.15	8,054.15
4/1/2023	5,831.	5.000%	2,223.16	8,054.16
7/1/2023	5,904.	5.000%	2,150.28	8,054.28
10/1/2023	5,978.	5.000%	2,076.48	8,054.48
1/1/2024	6,053.	5.000%	2,001.75	8,054.75
4/1/2024	6,128.	5.000%	1,926.09	8,054.09
7/1/2024	6,205.	5.000%	1,849.49	8,054.49
10/1/2024	6,283.	5.000%	1,771.93	8,054.93
1/1/2025	6,361.	5.000%	1,693.39	8,054.39
4/1/2025	6,441.	5.000%	1,613.88	8,054.88
7/1/2025	6,521.	5.000%	1,533.36	8,054.36
10/1/2025	6,603.	5.000%	1,451.85	8,054.85
1/1/2026	6,685.	5.000%	1,369.31	8,054.31
4/1/2026	6,769.	5.000%	1,285.75	8,054.75
7/1/2026	6,853.	5.000%	1,201.14	8,054.14
10/1/2026	6,939.	5.000%	1,115.48	8,054.48
1/1/2027	7,026.	5.000%	1,028.74	8,054.74
4/1/2027	7,114.	5.000%	940.91	8,054.91
7/1/2027	7,202.	5.000%	851.99	8,053.99
10/1/2027	7,292.	5.000%	761.96	8,053.96
1/1/2028	7,384.	5.000%	670.81	8,054.81
4/1/2028	7,476.	5.000%	578.51	8,054.51
7/1/2028	7,569.	5.000%	485.06	8,054.06
10/1/2028	7,664.	5.000%	390.45	8,054.45
1/1/2029	7,760.	5.000%	294.65	8,054.65
4/1/2029	7,857.	5.000%	197.65	8,054.65
7/1/2029	7,955.	5.000%	99.44	8,054.44
	382,000.		200,597.76	582,597.76

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

United States Department of Agriculture
Rural Development
West Virginia State Office

March 15, 2012

TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2012 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2012 B
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (a) consents to the issuance of the Sewer Revenue Bonds, Series 2012 A (West Virginia SRF Program), in the original aggregate principal amount of $1,770,000 and Sewer Revenue Bonds, Series 2012 B (West Virginia SRF Program), in the original aggregate principal amount of $1,000,000 (collectively, the "Bonds"), by the Town of Reedsville (the "Issuer"), under the terms of the bond ordinance authorizing the issuance of the Bonds (the "Ordinance"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), dated August 22, 2001, issued in the original aggregate principal amount of $450,000 (the "Prior Bonds"); and (b) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the Bonds or the Ordinance; and (c) consents to any amendments made to the Prior Ordinance by the Ordinance.

WITNESSETH my signature on this 15th day of March, 2012.

State Director

745200.00002

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TOWN OF REEDSVILLE

Sewer Revenue Bonds, Series 2001
(United States Department of Agriculture)

BOND ORDINANCE

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TOWN OF REEDSVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF REEDSVILLE, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT—

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

ARTICLE I

STATUTORY AUTHORITY,
FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance is adopted and enacted pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. The Town of Reedsville (the "Issuer") is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia in Preston County of said State.

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

A. The Issuer currently owns and operates a public sewerage system and desires to acquire, construct and operate certain additional public sewerage facilities

consisting of certain additions, betterments and improvements to such existing sewerage facilities, with all appurtenant facilities.

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 certain additions, betterments and improvements to the existing sewerage facilities of the Issuer, consisting of improvements to the Issuer's wastewater collection system, 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 Recorder of the Issuer. The existing sewerage facilities of the Issuer, together with the Project and any further additions, betterments and improvements thereto, are herein called the "System." The acquisition and construction 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 Issuer presently shares with the Town of Masontown outstanding obligations of Valley Sanitary District which are held by the West Virginia Water Development Authority (the "Authority"), being the STEP I Loan dated December 24, 1975, in the original aggregate principal amount of $12,000 (the "STEP I Loan"), and the STEP II Loan dated March 6, 1980, in the original aggregate principal amount of $105,829 (the "STEP II Loan"). The Issuer's share of the STEP I Loan is equal to a principal amount of $3,000, with a service charge in the amount of $30.00 and the Issuer's share of the STEP II Loan is equal to a principal amount of $26,457, with a service charge in the amount of $264.57, for a total of $29,751.57.

The Issuer is also obligated to repay a loan from Bruceton Bank, including interest, in an amount not to exceed $45,500 (the "Bank Loan"). The loan was taken out to provide temporary financing for certain emergency repairs to the Town's sewerage system.

The Issuer hereby determines and affirms that it is in the best interest of the public and necessary for the completion of the Project that its share of the STEP I Loan, STEP II Loan, the administrative fees due thereon and the Bank Loan be paid upon issuance of the Series 2001 Bonds from the proceeds thereof and hereby authorizes any and all actions necessary to accomplish such payment.

D. The estimated revenues to be derived in each year from the operation of the System after the completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

E. The estimated maximum cost of the acquisition and construction of the Project, the payment of the Issuer's portion of the STEP I Loan and the STEP II Loan and

repayment of the Bank Loan is $2,063,000, of which $600,000 will be obtained from the proceeds of sale of the Series 2001 Bonds herein authorized, $949,000 will be obtained from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and $514,000 will be obtained from a grant by the Purchaser.

F. It is necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), in the aggregate principal amount of not more than $600,000, (the "Bonds"), to finance a portion of the cost of acquisition and construction of the Project. Said costs shall be deemed to include, without being limited to, the construction or acquisition of the Project; the acquisition of any property rights, easements and franchises, deemed necessary or convenient therefor; interest on the Series 2001 Bonds prior to and during acquisition and construction and for a period not exceeding six months after completion of such acquisition or construction of the Project; the amounts necessary to pay the Issuer's share of the outstanding principal of and service charges for the STEP I Loan and the STEP II Loan; the amount necessary to pay the Bank Loan; 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 acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2001 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

G. The period of usefulness of the System, as herein defined, after completion of the Project is not less than 40 years.

H. There are no outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Series 2001 Bonds as to liens, pledge and source of and security for payment.

I. It is in the best interest of the Issuer that the Series 2001 Bonds be sold to the Purchaser, pursuant to the terms and provisions of a Letter of Conditions dated April 14, 1997, Amendment No. 1 to Letter of Conditions dated June 28, 1999, and any other amendments thereto (collectively, the "Letter of Conditions").

J. The Issuer has complied with all requirements of law relating to authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, repayment of the Issuer's share of the STEP I Loan and the STEP II Loan, repayment of the Bank Loan, and the issuance of the Series 2001 Bonds, or will have so complied prior to issuance of the Series 2001 Bonds, including among other things and without limitation, obtaining a certificate of convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the

time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Ordinance to Constitute Contract. In consideration of the acceptance of the Series 2001 Bonds by those who shall be the Registered Owner of the same from time to time, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Series 2001 Bonds.

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

"Act" means Chapter 16, Article 13 of the West Virginia Code of 1931, as amended.

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

"Bond Registrar" or "Registrar" means the Issuer, which shall usually so act by its Recorder.

"Bonds" means, the Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

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

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, 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.

"Depository Bank" means Bruceton Bank, Reedsville, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "sewerage 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.

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America.

"Grants" means, collectively, all moneys received by the Issuer on account of any Grant for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer" or "Borrower" means the Town of Reedsville, a municipal corporation and political subdivision of the State of West Virginia, in Preston County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated April 14, 1997, Amendment No. 1 to Letter of Conditions dated June 28, 1999, and any other amendments thereto.

"Mayor" means the Mayor of the Issuer.

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

"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 Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, materials and supplies, pumping costs, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and 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 recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the 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, provided that all monthly amortization payments upon the Series 2001 Bonds and into the respective Reserve Accounts and the Depreciation Reserve have been made to the last monthly date prior to the date of such retention.

"Ordinance" means the Bond Legislation.

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

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"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 (hereinbefore defined) 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 Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

"Recorder" means the Recorder of the Issuer.

"Registered Owner," "Bondholder," "Holder of the Bonds" or any similar term means any person who shall be the registered owner of the Series 2001 Bonds.

"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.

"State" means the State of West Virginia.

"System" means the complete sewerage system of the Issuer and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system, including the Project, and any and all additions, betterments, improvements, properties or other facilities at any time acquired or constructed for the sewerage 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.

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; and any requirement for execution or attestation of the Series 2001 Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such Series 2001 Bonds, certificate or other document may be executed or attested by an Acting Mayor or Acting Recorder.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $2,063,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2001 Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture)" are hereby authorized to be issued in the aggregate principal amount of $600,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Series 2001 Bonds shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated on the date of delivery thereof. The Series 2001 Bonds shall bear interest from date of delivery, payable monthly at the rate of 5.0% per annum, and shall be sold for the par value thereof.

The Series 2001 Bonds 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 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2001 Bonds 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 Series 2001 Bonds, and the right to principal of and stated interest on the Series 2001 Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2001 Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2001 Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2001 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2001 Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Series 2001 Bonds, and, upon presentation for such purpose, the Bond Registrar 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 Series 2001 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2001 Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2001 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2001 Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2001 Bonds shall be executed in the name of the Issuer by the Mayor and the seal of the Issuer shall be affixed thereto and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Series 2001 Bonds so signed and sealed have been actually sold and delivered, such Series 2001 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2001 Bonds had not ceased to hold such office. The Series 2001 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Series 2001 Bonds shall hold the proper office in the Issuer, although at the date of such Series 2001 Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2001 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver new Series 2001 Bonds of like tenor as the Series 2001 Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2001 Bonds or in lieu of and substitution for the Series 2001 Bonds 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 Series 2001 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2001 Bonds shall have matured or be about to mature, instead of issuing

substitute Series 2001 Bonds the Issuer may pay the same, and, if such Series 2001 Bonds be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2001 Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided for as to the Series 2001 Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2001 Bonds and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2001 Bonds as the same become due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Series 2001 Bonds 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 by any ordinance enacted after the date of enactment hereof and prior to the issuance thereof:

(FORM OF SERIES 2001 BOND)

TOWN OF REEDSVILLE

SEWER REVENUE BONDS, SERIES 2001
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$600,000

No. R-1 Date: _____

FOR VALUE RECEIVED, the TOWN OF REEDSVILLE (herein called "Borrower") 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 SIX HUNDRED THOUSAND DOLLARS ($600,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and $2,210, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided 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 Record of Advances attached hereto as a part hereof.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government 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 acquisition and construction of additions, betterments and improvements to the sewerage system (the "System") of the Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute a corporate indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

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 said office of the Borrower,

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 Ordinance, 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.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on _____, 2001, authorizing issuance of this Bond (the "Ordinance").

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 Government and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, the TOWN OF REEDSVILLE 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.

TOWN OF REEDSVILLE
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Mayor
(Title of Executive Official)

P. O. Box 497
(P. O. Box No. or Street Address)

Reedsville, West Virginia 26547
(Town, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Recorder
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19) $	
(2) $		(20) $	
(3) $		(21) $	
(4) $		(22) $	
(5) $		(23) $	
(6) $		(24) $	
(7) $		(25) $	
(8) $		(26) $	
(9) $		(27) $	
(10) $		(28) $	
(11) $		(29) $	
(12) $		(30) $	
(13) $		(31) $	
(14) $		(32) $	
(15) $		(33) $	
(16) $		(34) $	
(17) $		(35) $	
(18) $		(36) $	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund;

(2) Depreciation Reserve; and

(3) Project Construction Account.

Section 4.02. Establishment of Funds and Account with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2001 Bonds Reserve Account.

Section 4.03. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2001 Bonds shall be deposited upon receipt by the Issuer in the 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 the Depository 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.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installment payments on the Series 2001 Bonds if there are not sufficient Net Revenues to make such monthly payment.

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.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and 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 4.04. Covenants of the Issuer as to Revenues and Funds. So long as any of the Series 2001 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2001 Bonds Reserve Account, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2001 Bonds remaining unpaid, together with interest accrued to the date of such payment, 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 the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Ordinances and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Ordinances.

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, pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Series 2001 Bonds, transfer from the Revenue Fund and remit to the National Finance Office, the amounts required to pay the interest on the Series 2001 Bonds and to amortize the principal of the Series 2001 Bonds over the life of the Bond issue.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit into the Series 2001 Bonds Reserve Account, 0.4167% of the Series 2001 Bonds Minimum Reserve, until the amount in the Series 2001 Bonds Reserve Account equals the Series 2001 Bonds Minimum Reserve. Moneys in the Series 2001 Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2001 Bonds to the National Finance Office as the same shall become due or for

prepayment of installments on the Series 2001 Bonds, or for mandatory prepayment of the Series 2001 Bonds as hereinafter provided, and for no other purpose; provided, however, that where the Series 2001 Bonds Minimum Reserve has been accumulated in the Series 2001 Bonds Reserve Account, all earnings of investments of money therein shall at least annually be transferred to and deposited in the Revenue Fund.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit into the Depreciation Reserve, 0.4167% of the Minimum Reserves, until the amount in the Series 2001 Bonds Reserve Account equals the Minimum Reserve, and thereafter, 0.8334% of the Minimum Reserve, so long as the Series 2001 Bonds are outstanding; provided, however, that in the event Revenues are insufficient to fund the Series 2001 Bonds Reserve Account in accordance with Section 4.04B(2) above, or a withdrawal of funds from the Series 2001 Bonds Reserve Account is made, payment of Revenues into the Depreciation Reserve as provided in this Section 4.04B(4) shall not be made, but instead Revenues shall be applied to the replenishment of the Series 2001 Bonds Reserve Account until such deficiency is cured, at which time payments into the Depreciation Reserve as provided in this Section 4.04B(4) shall resume. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Series 2001 Bonds as the same become due, and next to restore to the Series 2001 Bonds Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments into the Series 2001 Bonds Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for repairs, replacements, improvements or extensions to the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein, if any ("Surplus Revenues"), may be used to prepay installments of the Series 2001 Bonds or for any lawful purpose.

Whenever the moneys in the Series 2001 Bonds Reserve Account shall be sufficient to prepay the Series 2001 Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2001 Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2001 Bonds Reserve Account as herein provided, and all amounts required for

said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required reserve account payments with respect to the Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Depreciation Reserve as herein provided, and all amounts required for the Depreciation Reserve will be deposited therein 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.

The Revenue Fund, the Series 2001 Bonds Reserve Account and the Depreciation Reserve 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 Series 2001 Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

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 Commission and the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Series 2001 Bonds Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Investment Management. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from moneys in the Series 2001 Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be

returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK AND FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. 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 Series 2001 Bonds, provide evidence that there will be at least 208 bona fide users upon the Project, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Commission or the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

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

Section 4.05. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the grants and advances of principal of the Series 2001 Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed $600,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into a credit agreement, with such bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2001 Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or

statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. So long as the Series 2001 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2001 Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2001 Bonds 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 Holder of the Series 2001 Bonds.

Section 5.02. 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 maximum annual debt service on the Series 2001 Bonds and sufficient to make the payments required herein into all funds and accounts and 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 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2001 Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. 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 Series 2001 Bonds remain 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 and mechanical and electrical equipment in place or stored on the site 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 Series 2001 Bonds.

(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) Workers' 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. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; provided, however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) 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 in the amount of $50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2001 Bonds are 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 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2001 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2001 Bonds and shall be for the equal benefit of the Series 2001 Bonds.

Section 5.07. 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 on the Series 2001 Bonds 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 Series 2001 Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. 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 5.09. Fiscal Year; Budget. While the Series 2001 Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the 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 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 5.10. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder on the date of adoption hereof, subject to permitted changes.

Section 5.11. Books and Records; Audits. 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. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.12. 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 Series 2001 Bonds are outstanding.

Section 5.13. No Competition. To the extent legally allowable, 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.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial 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 January 10, 2000.

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

C. All delinquent fees, rates and charges for services or facilities of the System shall be a lien on the premises served if not paid when due. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges, including, without limitation, any right and power of foreclosure under the Act and/or such other applicable provisions of law.

D. 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.

E. 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.

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2001 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2001 Bonds, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Holder of the Series 2001 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be materially modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of the Bonds. The Mayor is hereby authorized and directed to cause the Series 2001 Bonds, 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 7.04. 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 Series 2001 Bonds.

Section 7.05. 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 7.06. 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 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have

been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 7.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation, determined by the Governing Body to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in the *Preston County Journal*, a newspaper of general circulation in the Town of Reedsville, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Series 2001 Bonds, and that any person interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the Recorder of the Issuer for review by interested parties during regular office hours. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading:	June 25, 2001
Passed on Second Reading:	July 9, 2001
Passed on Third Reading following public hearing:	July 30, 2001

Robert L Stone Mayor
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF REEDSVILLE on the 30th day of July, 2001, which Ordinance has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the TOWN OF REEDSVILLE this 22nd day of August, 2001.

[SEAL]

Recorder

07/19/01
745200/97001

TOWN OF REEDSVILLE

Sewer Revenue Bonds,
Series 2001 (United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE) OF THE TOWN OF REEDSVILLE; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2001 BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town Council (the "Governing Body") of the Town of Reedsville (the "Issuer") has duly and officially adopted a bond resolution, effective July 30, 2001 (the "Bond Ordinance" or the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF REEDSVILLE, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2001 (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture) (the "Bonds" or the "Series 2001 Bonds") in the aggregate principal amount of not more than $600,000, all in accordance with Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the exact principal amount and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF REEDSVILLE:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Sewer Revenue Bonds, Series 2001 (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered R-1 in the principal amount of $450,000. The Series 2001 Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.875% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2001 Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of $2,174 on the corresponding day of each month, except that the final installment shall be paid at the end of forty years from the date of the Series 2001 Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2001 Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2001 Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

Section 2. Series 2001 Bonds proceeds in the amount of $29,752 shall be remitted to the Authority to pay a portion of the outstanding principal of and service charge on the Step I and Step II Loans of Valley Sanitary District.

Section 3. The balance of the proceeds of the Series 2001 Bonds shall be deposited in or credited to the Series 2001 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 4. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2001 Bonds may be delivered on or about August 22, 2001, to the Purchaser pursuant to the Letter of Conditions.

Section 5. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 6. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 7. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 30th day of July, 2001.

TOWN OF REEDSVILLE

Robert L Stone

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Town of Reedsville on this 30th day of July, 2001.

Dated: August 22, 2001.

[SEAL]

Recorder

08/08/01
745200.97001

SPECIMEN

TOWN OF REEDSVILLE

SEWER REVENUE BONDS, SERIES 2001
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$450,000

No. R-1

Date: August 22, 2001

FOR VALUE RECEIVED, the TOWN OF REEDSVILLE (herein called "Borrower") 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 FOUR HUNDRED FIFTY THOUSAND DOLLARS ($450,000), plus interest on the unpaid principal balance at the rate of 4.875% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and $2,174, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided 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 Record of Advances attached hereto as a part hereof.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government 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 acquisition and construction of additions, betterments and improvements to the sewerage system (the "System") of the Borrower, is payable solely from and secured by 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, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

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 said office of the Borrower, 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 Ordinance, 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.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on July 30, 2001, authorizing issuance of this Bond (the "Ordinance").

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 Government and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, the TOWN OF REEDSVILLE 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.

TOWN OF REEDSVILLE

[CORPORATE SEAL]

SPECIMEN

Mayor
P. O. Box 497
Reedsville, West Virginia 26547

ATTEST:

SPECIMEN

Recorder

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 450,000.00	8/22/01	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $ 450,000.00

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

08/15/01
745200.97001