

TOWN OF ROMNEY

**Water Revenue Bonds, Series 2012 A and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)**

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**TOWN OF ROMNEY
Water Revenue Bonds, Series 2012 A and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)**

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TOWN OF ROMNEY

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF TOWN OF ROMNEY, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY TOWN OF ROMNEY OF NOT MORE THAN \$510,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2012 A (UNITED STATES DEPARTMENT OF AGRICULTURE); AND THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$51,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2012 B (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 TOWN OF ROMNEY:

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 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. The Town of Romney (the "Issuer") is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia in Hampshire 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 waterworks system and desires to acquire, construct and operate certain additional public waterworks facilities consisting of additions, betterments and improvements to such existing waterworks 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

waterworks system of the Issuer, consisting of installation of generator at the water treatment plant, and appurtenances relating thereto (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 waterworks facilities of the Issuer, together with the Project and any further additions, betterments and improvements, 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 estimated revenues to be derived in each year from the operation of the System after 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 Series 2012 Bonds and the Prior Bonds (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein and in the Prior Ordinance.

D. The estimated maximum cost of the acquisition and construction of the Project is \$561,000 of which \$510,000 will be obtained from the proceeds of sale of the Series 2012 A Bonds and \$51,000 will be obtained from the proceeds of the sale of the Series 2012 B Bonds, both herein authorized.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2012 A (United States Department of Agriculture) in the aggregate principal amount of \$510,000 (the "Series 2012 A Bonds") and Water Revenue Bonds, Series 2012 B (United States Department of Agriculture) in the aggregate principal amount of \$51,000 (the "Series 2012 B Bonds") (the Series 2012 A Bonds and Series 2012 B Bonds are collectively known as the "Series 2012 Bonds"), to finance the cost of acquisition and construction of the Project. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2012 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; engineering, fiscal agents 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 Project, administrative expense, 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 2012 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

F. The period of usefulness of the System, as herein defined, after completion of the Project is not less than forty (40) years.

G. There are outstanding bonds or 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: (i) Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated August 25, 1997, issued in the original aggregate principal amount of \$2,900,000, (the "Series 1997 A

Bonds”) and (ii) Water Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated August 25, 1997, issued in the original aggregate principal amount of \$1,424,038, (the “Series 1997 B Bonds”) (collectively, the “Prior Bonds”). The Series 2012 Bonds are payable from and secured by a first lien on the Gross Revenues (as hereinafter defined) of the System on a parity with the Prior Bonds.

Prior to the issuance of the Series 2012 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the 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.

H. It is in the best interest of the Issuer that the Series 2012 Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions dated April 8, 2009, and any amendments, thereto (collectively, the “Letter of Conditions”).

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2012 Bonds, or will have so complied prior to issuance of the Series 2012 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 Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2012 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 Registered Owner, 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 2012 Bonds.

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

“Act” means Chapter 8, Article 19 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 collectively, the Series 2012 A Bonds, the Series 2012 B Bonds, the Prior Bonds and where appropriate, any bonds on a parity herewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

“Closing Date” means the date upon which there is an exchange of the Series 2012 Bonds for the proceeds, or at least a de minimus portion, thereof representing the purchase price of the Series 2012 Bonds from the Purchaser.

“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 Thrasher Engineering, Inc., Clarksburg, 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 the bank designated as such in the Supplemental Resolution and its successors and assigns, which is a member of FDIC (herein defined).

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

“FDIC” means the Federal Deposit Insurance Corporation.

“Fiscal Year” means each 12-month period 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 payment of the principal of and interest on which are guaranteed by, the United States of America.

“Gross Revenues” or “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” or “herein” means in this Bond Legislation.

“Issuer” or “Borrower” means the Town of Romney, a municipal corporation and political subdivision of the State of West Virginia, in Hampshire County, West Virginia, and includes the Governing Body.

“Letter of Conditions” means, collectively, the Letter of Conditions of the Purchaser dated April 8, 2009, and all amendments thereto, if any.

“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 Series 2012 Bonds in the then current or any succeeding year.

“Net Revenues” means the balance of the Gross Revenues, as defined herein, 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 2012 Bonds and into the respective reserve accounts and the Renewal and Replacement Fund have been made to the last monthly date prior to the date of such retention.

“Prior Bonds” means the Series 1997 A Bonds and Series 1997 B Bonds.

“Prior Ordinance” means the Ordinance of the Issuer authorizing the Prior Bonds.

“Project” shall have the meaning stated in Section 1.02B above.

“Project Construction Account” means the Project Construction Account established pursuant to section 4.01 hereof.

“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, to the extent such investments are permitted by law:

- (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 Board of Treasury Investments pursuant to Chapter 12, Article 6C 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 Bond" or any similar term means any person who shall be the registered owner of the Series 2012 Bonds.

"Renewal and Replacement Fund" means the renewal and replacement Fund established by Prior Ordinance.

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

"Revenue Fund" means the Revenue Fund established by Prior Ordinance.

"Series 1997 A Bonds" means the Town of Romney Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated August 25, 1997, issued in the original aggregate principal amount of \$2,900,000.

"Series 1997 B Bonds" means the Town of Romney Water Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated August 25, 1997, issued in the original aggregate principal amount of \$1,424,038.

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

"Series 2012 A Bonds" means the Water Revenue Bonds, Series 2012 A, (United States Department of Agriculture) issued in one or more series authorized by this Ordinance.

"Series 2012 A Bonds Reserve Account" means the Series 2012 A Bonds Reserve Account established by Section 4.02 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 B Bonds" means the Water Revenue Bonds, Series 2012 B, (United States Department of Agriculture) issued in one or more series authorized by this Ordinance.

"Series 2012 B Bonds Reserve Account" means the Series 2012 B Bonds Reserve Account established by Section 4.02 hereof.

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

"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.

"System" means the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks systems, including the Project, and any and all additions, betterments, improvements, properties or other facilities at any time acquired or constructed for the waterworks system from any source 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; and any requirement for execution or attestation of the Series 2012 Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such Series 2012 Bonds, certificate or other documents 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 not to exceed \$561,000, 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 Series 2012 B Bonds hereby authorized shall be applied as provided in Article IV hereof.

The estimated maximum cost of the acquisition and construction of the Project is \$561,000 of which \$510,000 will be obtained from the proceeds of sale of the Series 2012 A Bonds and \$51,000 will be obtained from the proceeds of the sale of the Series 2012 B Bonds, both herein authorized.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of this Bond Legislation, the Series 2012 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2012 A (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount of \$510,000 and interest rate not to exceed 2.25%, and the Series 2012 B Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2012 B (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount of \$51,000 and interest rate not to exceed 2.25%, with such terms as set forth hereinafter and in the Supplemental Resolution for the purpose of permanently financing the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2012 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond in an original aggregate principal amount to be prescribed in the Supplemental Resolution and shall be dated on the date of delivery thereof. The Series 2012 A Bonds shall bear interest from date of delivery, payable monthly at the rate not to exceed 2.25% per annum, which interest rate shall be prescribed in the Supplemental Resolution and shall be sold for the par value thereof.

The Series 2012 A 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.

The Series 2012 B Bonds shall be issued in single form, numbered BR-1, only as a fully registered Bond in an original aggregate principal amount to be prescribed in the Supplemental Resolution and shall be dated on the date of delivery thereof. The Series 2012 B Bonds shall bear interest from date of delivery, payable monthly at the rate not to exceed 2.25% per annum, which interest rate shall be prescribed in the Supplemental Resolution and shall be sold for the par value thereof.

The Series 2012 B 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 2012 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 2012 Bonds, and the right to the principal of and stated interest on the Series 2012 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 2012 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 2012 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 2012 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2012 Bonds.

Section 3.04 Bond Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2012 Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2012 Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2012 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2012 Bonds for registration of 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 2012 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 2012 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 2012 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 Series 2012 Bonds shall cease to be such officer of the Issuer before the Series 2012 Bonds so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2012 Bonds had not ceased to hold such office. The 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 Series 2012 Bonds shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2012 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with

such other reasonable regulations and conditions as the Issuer may require. The Series 2012 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2012 Bonds shall have matured or be about to mature, instead of issuing a substitute Series 2012 Bonds the Issuer may pay the same, and, if such Series 2012 Bonds be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Gross Revenues, Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2012 Bonds shall be secured forthwith by a first lien on the Gross Revenues derived from the System on a parity with the Prior Bonds. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 2012 Bonds and the Prior Bonds and to make the payments as hereinafter provided and in the Prior Ordinance, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2012 Bonds and Prior Bonds as the same becomes due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Series 2012 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:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2012 A BOND)

TOWN OF ROMNEY

WATER REVENUE BONDS, SERIES 2012 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ _____

No. AR-1

Date: _____, 2012

FOR VALUE RECEIVED, TOWN OF ROMNEY (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 _____ DOLLARS (\$ _____), plus interest on the unpaid principal balance at the rate of _____% 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 \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. 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 waterworks system (the "System") of 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 the office of 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 8, Article 19 of the West Virginia Code of 1931, as amended (herein called the "Act"), and an Ordinance of Borrower

duly enacted on _____, 2012 and a Supplemental Resolution duly adopted by the Issuer on _____, 2012, authorizing issuance of this Bond (collectively, 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 Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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 (I) WATER REVENUE BONDS, SERIES 1997 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,900,000, (THE "SERIES 1997 A BONDS"); (II) WATER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,424,038, (THE "SERIES 1997 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2012 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2012, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____, (THE "SERIES 2012 B BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, TOWN OF ROMNEY 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 ROMNEY

[CORPORATE SEAL]

Mayor

340 E. Main Street
Romney, West Virginia 26757

ATTEST:

Recorder

EXHIBIT A
RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to

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
Borrower with full power of substitution in the premises.

Dated: _____, 20____.

In presence of:

(FORM OF SERIES 2012 B BOND)

TOWN OF ROMNEY

WATER REVENUE BONDS, SERIES 2012 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ _____

No. BR-1

Date: _____, 2012

FOR VALUE RECEIVED, TOWN OF ROMNEY (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 _____ DOLLARS (\$ _____), plus interest on the unpaid principal balance at the rate of _____% 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 \$ _____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. 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 waterworks system (the "System") of 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 the office of 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 8, Article 19 of the West Virginia Code of 1931, as amended (herein called the "Act"), and an Ordinance of Borrower

duly enacted on _____, 2012 and a Supplemental Resolution duly adopted by the Issuer on _____, 2012, authorizing issuance of this Bond (collectively, 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 Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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 (I) WATER REVENUE BONDS, SERIES 1997 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,900,000, (THE "SERIES 1997 A BONDS"); (II) WATER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,424,038, (THE "SERIES 1997 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2012 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 2012, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____, (THE "SERIES 2012 A BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, TOWN OF ROMNEY 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 ROMNEY

[CORPORATE SEAL]

Mayor

340 E. Main Street
Romney, West Virginia 26757

ATTEST:

Recorder

EXHIBIT A
RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____
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
Borrower with full power of substitution in the premises.

Dated: _____, 20____.

In 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 (or continued if previously established by Prior Ordinance) and established with, and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund (established by Prior Ordinance and continued hereby);
- (2) Renewal and Replacement Fund (established by Prior Ordinance and continued hereby);
- (3) Series 1997 A Bonds Reserve Account;
- (4) Project Construction Account.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by Prior Ordinance) 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 1997 B Bonds Sinking Fund (established by Prior Ordinance and continued hereby);
- (2) Series 1997 B Bonds Reserve Account (established by Prior Ordinance and continued hereby);
- (3) Series 2012 A Bonds Reserve Account; and
- (4) Series 2012 B Bonds Reserve Account.

Section 4.03. Bond Proceeds; Project Construction Account. The proceeds of sale of the Series 2012 Bonds shall be deposited upon receipt by the Issuer in the Project Construction Account. The monies in the 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. Monies in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

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

Until completion of 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 2012 Bonds if there are not sufficient Gross Revenues to make such monthly payment.

Pending application as provided in this Section 4.03, 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 2012 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the respective Series 2012 Bonds Reserve Account, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2012 Bonds remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holder of the Series 2012 Bonds 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 Prior Ordinance and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance and this Bond Legislation.

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, subject to the provisions of the Prior Ordinance not otherwise modified herein:

(1) The Issuer shall first, each month, on or before the due date thereof, transfer from the Revenue Fund and simultaneously remit to the National Finance Office the amounts required to pay interest on the Series 1997 A Bonds, Series 2012 A Bonds and Series 2012 B Bonds.

(2) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously (i) on or before the due date thereof, remit to the National Finance Office, the amount required by the Prior Ordinance to pay the principal of the Series 1997 A Bonds; (ii) on or before the due date thereof, remit to the Commission the amount required by the Prior Ordinance to pay the principal of the Series 1997 B Bonds; (iii) on or before the due date thereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2012 A Bonds, the amount required to amortize the principal of the Series 2012 A Bonds over the life of the bond issue; and (iv) on or before the due date thereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series

2012 B Bonds, the amount required to amortize the principal of the Series 2012 B 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 (i) remit to the Depository Bank, the amount required by the Prior Ordinance to be deposited in the Series 1997 A Bonds Reserve Account; (ii) remit to the Commission, the amount required by the Prior Ordinance to be deposited in the Series 1997 B Bonds Reserve Account; (iii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, thereafter, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2012 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount each month, until the amount in the Series 2012 A Bonds Reserve Account equals 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; and (iv) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, thereafter, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2012 B Bonds Reserve Account, an amount equal to 10% of the monthly payment amount each month, until the amount in the Series 2012 B Bonds Reserve Account equals the Series 2012 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2012 B Bonds Reserve Requirement.

(4) The Issuer shall next, each month, pay from the Revenue Fund the Operating Expenses of the System.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 ½ % 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 Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted

to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Whenever the monies in the Series 2012 A Bonds Reserve Account shall be sufficient to prepay the Series 2012 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2012 A Bonds, at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the monies in the Series 2012 B Bonds Reserve Account shall be sufficient to prepay the Series 2012 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2012 B Bonds, at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Renewal and Replacement Fund as herein provided, and all amounts required for the Renewal and Replacement Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written directions stating the amount remitted for deposit into each such fund.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2012 Bonds Reserve Accounts 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 Revenue Fund and the Renewal and Replacement Fund 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 2012 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 on a parity and pro rata with respect to the Prior Bonds.

The Commission and the Depository Bank, at the direction of the Issuer, shall keep the monies in the Series 2012 Bonds Reserve Accounts and the Renewal and Replacement Fund 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 Treasury Investments. 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 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 monies in the Series 2012 Bonds Reserve Accounts 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 2012 Bonds, provide evidence that there will be at least 915 bona fide users upon the System on completion of 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 monies 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 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.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. So long as the Series 2012 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2012 Bonds Reserve Accounts a sum sufficient to prepay the entire principal of the Series 2012 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 2012 Bonds.

Section 5.02. Rates. Prior to the issuance of the Series 2012 Bonds, 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 (i) 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 2012 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; and (ii) so long as the Prior Bonds are Outstanding to provide for all reasonable expenses of operation, repair, maintenance of the System and to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for the payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that an amount equal to or in excess of the reserve requirements for the Bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any Fiscal year for the payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

Section 5.03. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance. Additionally, the System will not be sold without the prior written consent of the Purchaser so long as the Series 2012 Bonds are outstanding.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. 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 or obligations payable out of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

So long as the Series 1997 A Bonds or Series 2012 Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

- (1) The Bonds then Outstanding;

- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding;
- (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 Series 2012 Bonds, representing 75% of the then-outstanding principal indebtedness.

So long as the Series 1997 B Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Ordinance with respect to the Series 2012 Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinance.

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 2012 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 2012 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 ISSUER 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 Recorder 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 will be maintained as provided by law.

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 of the Issuer having custody of the Revenue Fund or of any Revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

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 2012 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 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 and shall take effect immediately upon the delivery of the Series 2012 Bonds and shall be for the equal benefit of the Series 2012 Bonds on a parity with the Prior 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 upon the Series 2012 Bonds at the date specified for payment thereof;

B. Failure to duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2012 Bonds or herein, or violation of or failure to observe any provision of any pertinent law, or

C. If default occurs with respect to the Prior Bonds or the Prior Ordinance.

Section 5.08. Enforcement. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2012 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2012 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2012 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 each other and with those of the Holders of the Prior Bonds. Any Registered Owner of the Bonds, by proper legal action, compel the performance of the duties of the Issuer under this 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 the Bonds 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 exercise.

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

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

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

Section 5.09. Fiscal Year; Budget. While the Series 2012 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 2012 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 February 7, 2011 which rate ordinance is incorporated herein by reference as a part hereof.

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

G. In case of emergency, the Issuer shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the Issuer.

H. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions hereof, and the Issuer shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide revenues to meet its payments and obligations provided hereunder, but in any event, not less than 110% of the annual debt service on the Bonds Outstanding after the Prior Bonds are paid in full.

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 2011 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 2012 Bonds, the pledge of Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2012 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2012 Bonds, the Issuer may not defease the Series 2012 Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. Prior to issuance of the Series 2012 Bonds, this Ordinance may be amended or supplemented in any way by ordinance or resolution. Following issuance of the Series 2012 Bonds, no modification or amendment of this Ordinance, or any ordinance or resolution amendatory hereof or supplemental hereto, shall be made without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Mayor is hereby authorized and directed to cause the Series 2012 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 severable 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 2012 Bonds.

Section 7.05. Conflicting Provisions Repealed. Except for the Prior Ordinance, 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 adoption and 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. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation, determined by the Council 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 *Hampshire Review*, being qualified newspapers of general circulation in Hampshire County, 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 Bond, 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 not prior to the last date of such publication, 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.

[Remainder of Page Intentionally Blank]

Section 7.09. Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Passed on First Reading: November 7, 2011

Passed on Second Reading: December 5, 2011

Passed on Final Reading
Following Public Hearing: January 9, 2012



Mayor

CERTIFICATION

Certified a true copy of a Conformed Ordinance duly enacted by the Council of Town of Romney on the 9th day of January, 2012 as supplemented by Supplemental Resolution adopted March 5, 2012.

Dated: March 16, 2012.

[SEAL]


Recorder

776910.00006

5806023

TOWN OF ROMNEY

Water Revenue Bonds, Series 2012 A and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION MAKING PROVISIONS AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2012 A AND WATER REVENUE BONDS, SERIES 2012 B OF TOWN OF ROMNEY, APPROVING THE CONFORMED ORDINANCE AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of Town of Romney (the "Issuer") has duly and officially adopted and enacted a bond ordinance, January 9, 2012 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF TOWN OF ROMNEY, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY TOWN OF ROMNEY OF NOT MORE THAN \$710,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2012 A (UNITED STATES DEPARTMENT OF AGRICULTURE) IN ONE OR MORE SERIES; 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 Water Revenue Bonds, Series 2012 A, of the Issuer (the "Series 2012 A Bonds"), in an aggregate principal amount not to exceed \$710,000 and has authorized the execution and delivery of the documents relating to the Bonds, all in accordance with Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (collectively, the "Act");

WHEREAS, the Bond Ordinance was conformed to provide for the issuance of the Water Revenue Bonds, Series 2012 A (United States Department of Agriculture), of the Issuer, in the aggregate principal amount of \$510,000 (the "Series 2012 A Bonds") and Water Revenue Bonds, Series 2012 B (United States Department of Agriculture), of the Issuer, in the aggregate principal amount of \$51,000 (the "Series 2012 B Bonds") (the "Conformed Bond Ordinance");

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted;

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

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. Water Revenue Bonds, Series 2012 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of \$510,000. The Series 2012 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 2.25% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2012 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$1,668 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 2012 A 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 2012 A 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 2012 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Water Revenue Bonds, Series 2012 B (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered BR-1 in the principal amount of \$51,000. The Series 2012 B Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 2.25% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2012 B Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$167 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 2012 B 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 2012 B 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 2012 B Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

Section 2. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about March 16, 2012, to the Purchaser.

Section 3. The Issuer does hereby appoint and designate FNB Bank, Romney, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 4. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

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 the Conformed Bond Ordinance attached hereto as Exhibit A.

Section 7. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 5th day of March, 2012.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of Town of Romney on the 5th day of March, 2012.

Dated: March 16, 2012.

[SEAL]

Recorder

A handwritten signature in cursive script, appearing to read "Cliff Murphy", is written over a horizontal line.

776910.00006

EXHIBIT A

Conformed Bond Ordinance (see Tab 1 of Bond Transcript)



United States Department of Agriculture
Rural Development
Martinsburg Office

February 29, 2012

City of Romney
Attention: Mayor Hileman
340 East Main Street
Romney, WV 26757

Dear Mayor Hileman :

This letter is to confirm that the pre-closing meeting for the USDA Rural Development, Rural Utilities Service (RUS) loan and grant on the upcoming City of Romney's Secondary Power Project is scheduled for March 14th, 2012, at 10:00 a.m. in the City's Office located in Romney, West Virginia. A pre-construction conference is to follow at 11:00 a.m. in the same location. The official loan closing date for the City's project will be March 16th, 2012. The project attorney should attend the pre-closing meeting, and the project accountant should be available for consultation if needed.

All of the requirements set forth in the RUS Letter of Conditions dated April 8, 2009 and February 6, 2012 must be met and the loan and grants must be closed in accordance with RUS Instruction 1780. Many of the aforementioned items from the Letters of Conditions have already been addressed. Those items remaining to be satisfied prior to loan and grant closing include:

1. The certification on the RUS Loan Resolution (RUS Bulletin 1780-27) will be executed at the pre-closing meeting.
2. The PSD's attorney must provide a completed and signed Form RD 442-22, Opinion of Counsel Relative to Rights-of-Way, showing no exceptions. This form should be dated March 16, 2012. It should include an attached list of all of the rights-of-way needed for the project identifying which ones have been obtained and recorded.

151 Aikens Center Suite 4 Martinsburg, WV 25404

Phone: (304) 263-7547 • Fax: (304) 267-9172 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

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

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

3. The City's attorney must furnish a Form RD 1927-10, Final Title Opinion, on each parcel of land being acquired for the project. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the City. The opinion(s) should be dated March 16, 2012, and they should include legal descriptions (and plats if they are available).
4. In accordance with Item 8(c) of the letter of conditions, the City's attorney must furnish a narrative opinion addressing all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. If the City was unable to obtain the necessary property rights for any tract or right-of-way, a "right of entry" must be obtained for all properties before the pre-closing.
5. In accordance with the Legal Services Agreement, the project attorney should be on hand during the pre-construction conference to review construction contracts, and contracting procedure, as well as surety and contractual bonds in connection with the project. The attorney must sign the certification in the contract specification book, and record the payment and performance bonds as appropriate.
6. No later than the date of the pre-closing meeting, the City must provide written evidence that all required insurance coverage and fidelity bond coverage has been obtained in accordance with Item 11 of the Letter of Conditions.
7. The permit from the West Virginia Department of Highways must be on hand at the pre-closing. The City should proceed to obtain the necessary bond and forward it to the WVDOH with a request that the permit be issued if this has not already been done.
8. All applicable Public Service Commission certificates and/or approvals must be obtained prior to closing, and a copy provided to RUS.
9. The City must provide RUS with a proof of compliance with applicable State law pertaining to Workers' Compensation (if applicable).
10. The Contractors involved in the construction of the project will need to complete Form AD 1048, "Certification Regarding Debarment – Lower Tier Covered Transactions".

- 11. The first requisition for Rural Development funds should be created and submitted for Rural Development review as soon as possible. Once it is approved, the bond counsel will need to know the amount so that the bond can be completed.

- 12. Also please bring any official seal that the PSD uses for authenticating documents.

Thank you for doing business with USDA Rural Development. If you have any questions regarding these or any other matters pertaining to your loan and grants, please contact our office at your earliest convenience.

Sincerely,

Anna-Marie Collis
Anna-Marie Collis
Rural Development Specialist

cc: State Director
USDA- Rural Development

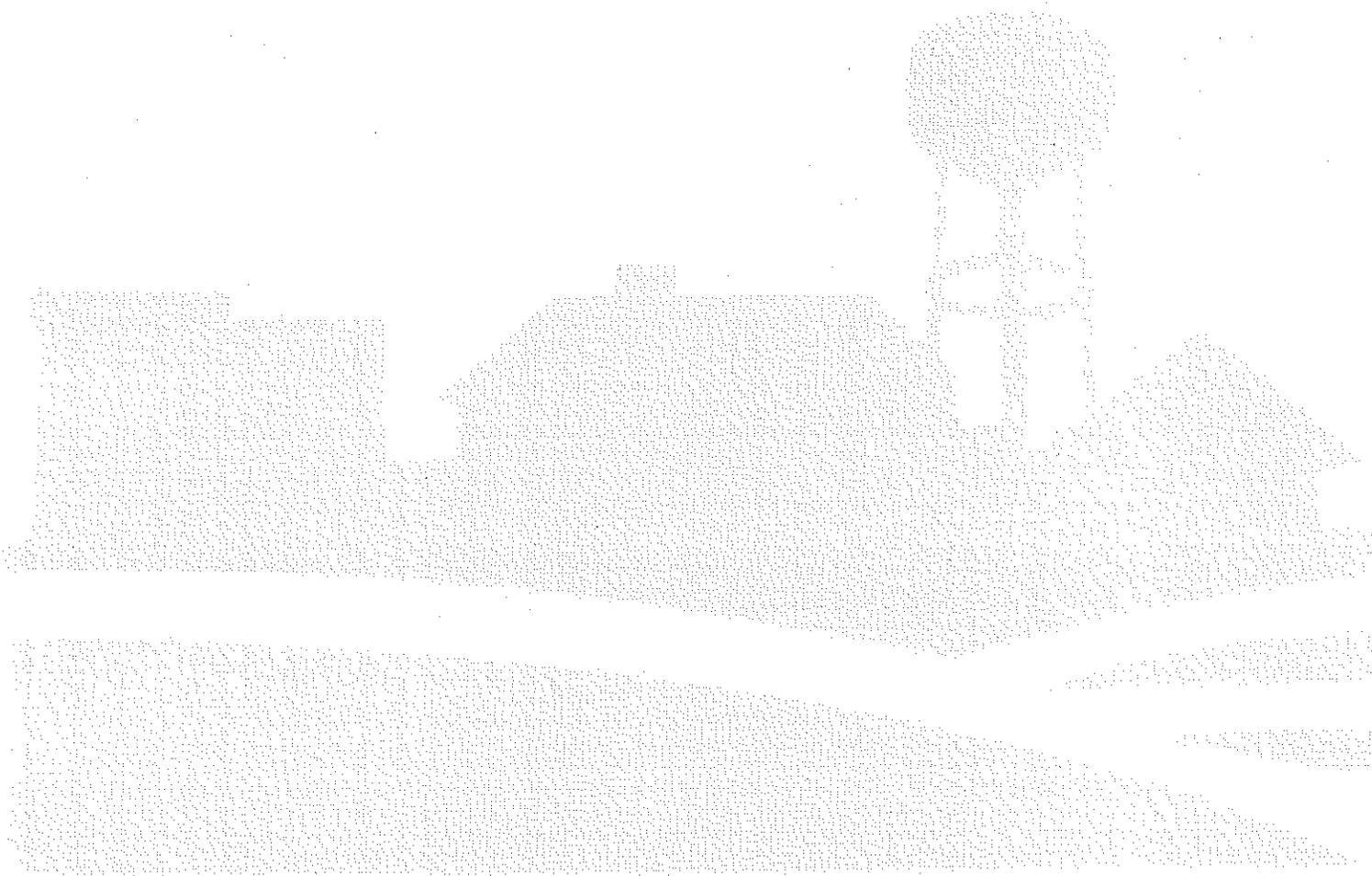
Thrasher Engineering, Inc
Attention: Dan Ferrel
30 Columbia Blvd
PO Box 1532
Clarksburg, WV 26302

Steptoe & Johnson, PLLC
Attention: Katy Mallory
P.O. Box 1588
Charleston, WV 25326

Royce Seville, PLLC
95 West Main St
PO Box 2000
Romney, WV 26757

Huber, Michaels & Company, CPA's
110 South Centre St
Cumberland, MD 21502

Region VIII Planning & Development Council
Attention: Terry Lively
P.O. Box 849
Petersburg, WV 26847





United States Department of Agriculture
Rural Development
West Virginia State Office

The Honorable Daniel O. Hileman
Mayor, City of Romney
340 East Main Street
Romney, WV 26757

RE: Amendment No. 1 to
Letter of Conditions

Dear Mayor Hileman:

This letter, with Attachment No. 1 amends the letter of conditions dated April 8, 2009 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan(s) will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant change in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RD loan in the amount of \$510,000, and a subsequent RD loan in the amount of \$51,000, for a total project cost of \$561,000.

Subject to the requirements noted herein all of the conditions of the April 8, 2009 letter of conditions remain in effect and must be satisfied prior to loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 - Project Construction Budget (All Copies)

The conditions referred to above are as follows:

1. **Loan Repayment** – The subsequent loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. The remaining 456 months will be equal amortized monthly installments. For planning purposes, use a 2.25% interest rate and a monthly amortization factor of .00327 which

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Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6362 (TDD).

provides for a monthly payment of \$167.00 on the subsequent loan. For the initial \$510,000 loan, also use a 2.25% interest rate and a monthly amortization factor of .00327. The monthly payment for the initial \$510,000 loan is \$1,668.00, which results in a total loan of \$561,000 and a total monthly payment of \$1,835.00.

2. The bond for the \$51,000 subsequent loan will need to be a separate bond and it will include the interest rate determined applicable prior to loan closing. It will be satisfactory for the subsequent loan bond to be described in the same loan resolution as the \$510,000 initial loan and for all other information and items of the loan resolution and bond transcript to reflect a \$561,000 total issue consisting of two or more bonds. A copy of this letter should be provided to your bond counsel immediately.
3. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.
4. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

Form 1940-1 - "Request for Obligation of Funds"
RUS Bulletin 1780-27 - "Loan Resolution"
Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the City still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

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

Sincerely,


BOBBY LEWIS
State Director

Enclosures

cc: Page 3

cc: Craig Burns, Area Director
ATTN: Anna-Marie Collis, Area Specialist
Martinsburg, WV

Royce B. Saville, Esq.
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Romney, WV 26757

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Clarksburg, WV 26301

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Terry Lively, Executive Director
Region Eight Planning and Development Council
P.O. Box 849
Petersburg, WV 26847



RUS COPY

United States Department of Agriculture
Rural Development
West Virginia State Office

April 8, 2009

Honorable William Hicks
Mayor, City of Romney
340 East Main Street
Romney, West Virginia 26757

COPY

Dear Mayor Hicks:

This letter, with Attachments 1 through 6 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$510,000, for a total project cost of \$510,000.

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

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

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

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

75 High Street, Federal Building, Suite 320, Morgantown, WV 26505-7500
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The enclosures and attachments listed below are attached to the copies as noted.
Enclosed are the following:

- Attachment No. 1 – Project Construction Budget (All Copies) ✓
- Attachment No. 2 – Water and Waste Processing Checklist ✓
- Attachment No. 3 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy) ✓
- Attachment No. 4 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy) ✓
- Attachment No. 5 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy) ✓
- Attachment No. 6 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. American Recovery and Reinvestment Act of 2009 ("Recovery Act").

Recovery Act requirements apply to this financing. In addition to the other conditions contained in this Letter of Conditions, you must understand and agree to these following conditions specific to the Recovery Act:

we'll provide
further
guidance

(a). Certifications. With respect to Recovery Act funds made available to State or local governments for infrastructure investments, Section 1511 of the Recovery Act requires the Governor, mayor or other chief executive, as appropriate, to certify that the infrastructure investment has been properly approved as required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. RD Water and Waste personnel will provide specific guidance on the information required in the certification.

(b). Reports on Use of Funds. Section 1512 of the Recovery Act requires each recipient receiving Recovery Act funding to provide specific information to the government on a periodic basis for inclusion in various internal and publicly-available reports. RD Water and Waste Program personnel will provide specific guidance on the type and frequency of information required to assist Recovery Act recipients in complying with this condition.

(c). Buy American. Section 1605 of the Recovery Act requires that all projects financed with Recovery Act funds be bid and constructed using only iron, steel and manufactured goods produced in the United States in accordance with Section 1605 of the Recovery Act. Specific guidance, including contract provisions to be included in any construction contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

Davis Bacon Wages

(d). Wage Rate Requirements. Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors for the project will be paid wages at rates not less than those prevailing on projects of a character similar in the locality where this project will occur. Specific guidance, including contract provisions to be included in any construction or otherwise related contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

Compliance with the conditions in this section is required for financing under the Recovery Act. However, these conditions are not substitutes for, or in lieu of, the remaining conditions contained in this Letter of Conditions. Each of the conditions in this Letter of Conditions must also be understood and complied with to receive financing for your project.

2. **Fund Usage** – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RUS project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.
3. **Loan Repayment** – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 12 months will consist of interest only. Payments for the remaining 468 months will be equal amortized monthly installments. For planning purposes use a 2.75% interest rate and a monthly amortization factor of .00349, which provides for a monthly payment of \$1,780.00. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.
- * You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and

terms for loans for similar purposes and periods or time.

Revenue
Bond

4. **Security** – The loan must be secured by a statutory lien of shared first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond ordinance which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-27 (Loan Production) which is mentioned later.

5. **Users** – This conditional commitment is based upon you providing evidence that there will be at least 915 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to the City's existing water system at the time you request authorization to advertise the project for construction bids.

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

get
engagement
letter

6. **Bond Counsel Services** – The services of a recognized bond counsel are required. The bond counsel will prepare the form of ordinance to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures. ✓

7. **Engineering Services** – It will be necessary for you to obtain the services of an engineer. EJCDC No. 510-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (2002 Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

8. **Legal Services** – It will be necessary for you to obtain the services of a local attorney. For your convenience "RUS Legal Services Agreement" is enclosed for your use. ✓

9. **Accounting Services** – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:

- a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

- b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond ordinance have been established and are operational.

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

RUS regulations available online as noted above outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your City. The attached booklets, "Government Auditing Standards (Revised 2003)", and RUS Bulletins 1780-30 and 1780-31 outline audit requirements.

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

Local Atty's
responsibility

10. **Facility Control** – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

- Engineering Plans
- a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the City already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also

identify any condemnation proceedings that are anticipated and state how they will be handled.

- d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.
- e. On the day of loan closing, the City's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the City has already acquired real property(s) (land or facilities), the City's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

11. **Permits** – Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

- West Virginia Department of Highways
- Railroads
- State Department of Health
- Department of Environmental Protection
- Corps of Engineers
- Public Land Corporation

12. **Public Service Commission Approvals and Rates** – You must determine that the Certificate of Convenience and Necessity which you now have from the Public Service Commission of West Virginia is adequate to cover the entire area to be served by the proposed system. If it is not adequate, a new certificate must be obtained and a copy provided for RUS. If it is determined the City's present certificate is adequate, the City must properly develop, adopt, and promulgate the required rates in accordance with the applicable provisions of Article I, Chapter 24 of the Code of West Virginia, as amended, and to the satisfaction of your bond counsel. The rate ordinance as adopted must include, as a minimum,

*may not need
rate case*

all the rate related items (everything except project costs section, the use analysis section, and the operation and maintenance expense breakdown section) contained in the attached project construction budget (Attachment No. 1). The draft rate ordinance must be provided for RUS review and concurrence prior to its adoption.

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

*need a copy of liability
something says
they're in good standing
w/ workman's comp.*

- a. **General Liability Insurance** – This should include vehicular coverage.
- b. **Workers' Compensation** – In accordance with appropriate State laws.
- c. **Position Fidelity Bond(s)** – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to \$200,000 (estimated highest monthly construction drawdown). Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

can bill cost back to project

for all loans

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

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

14. **Environmental Requirements** –

- a. Mitigation -- No mitigation actions have been identified.
- b. Project Modifications -- The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

15. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) --

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

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

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

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

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

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

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

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

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

17. Contract Documents, Final Plans and Specifications –

a. The contract documents should consist of the following:

(1) EJCDC Document No. C-521, 2002 Edition, “Suggested Form of Agreement between Owner and Contractor on the Basis of Stipulated Price” and EJCDC Document No. C-710, 2002 Edition, “Standard General Conditions of the Construction Contract – Funding Agency Edition” and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

(2) “RUS Supplemental General Conditions.” ✓

RUS Bulletin 1780-26, “Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (September 10, 2003 Version),” is available online as noted above.

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance – Personal Liability - \$500,000; Property

Damage - \$200,000 - \$200,000. This coverage must include indemnification of the City and its engineer. EJCDC Document C-710, "Standard General Conditions of the Construction Contract" (Funding Agency Edition) and Exhibit G to RUS Bulletin 1780-26, "Supplementary Conditions" both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation - In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

2/12
18. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements" are met during construction of the project.

19. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your City, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

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

a. Federal grant awards (includes all federal funding sources) are less than \$120,000 per year.

b. The best available interest bearing account would not be expected to earn in excess of the following:

Public Bodies

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

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

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

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

20. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

*vote
adopts to
execute
signing
minutes*

- Form RD 1940-1 - "Request for Obligation of Funds"
- RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)" ✓
- Form RD 400-1 - "Equal Opportunity Agreement" ✓
- Form RD 400-4 - "Assurance Agreement" ✓
- Form AD 1047 - "Certification Regarding Debarment - Primary" ✓
- Form RD 1910-11 - "Applicant Certification, Federal Collection Policies" ✓
- RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans" ✓
- Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
- Certification of Compliance
- Form RD 1942-46, "Letter of Intent to Meet Conditions" ✓

21. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan docket. All the items listed must be included in the loan docket when it is forwarded to the USDA - Rural Development State Office with a request for loan closing instructions to be issued.

*after they
bid we get*

22. Upon receipt of the loan docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then

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

After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS loan funds and would be applied as an extra payment toward the loan balance.

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

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

Sincerely yours,

Dianne Goff Crysler 4/8/09
DIANNE GOFF CRYSLER
Acting State Director

Enclosures

cc: Rural Development Specialist
Martinsburg, WV

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John Stump, Esq. ✓
Steptoe & Johnson, PLLC
707 Virginia St., Suite 700
Charleston, WV 25301

Attachment No.1 to the Letter of Conditions
 For: City of Romney
 Date: April 8, 2009

**Project Construction Budget
 City of Romney
 Generator Project**

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 343,743.00	\$ 343,743.00
CONSTRUCTION CONTINGENCY	\$ 34,374.00	\$ 34,374.00
LOCAL ATTORNEY	\$ 24,000.00	\$ 24,000.00
LANDS AND RIGHT OF WAY	\$ 500.00	\$ 500.00
BOND COUNSEL	\$ 15,000.00	\$ 15,000.00
ACCOUNTING	\$ 3,000.00	\$ 3,000.00
ENGINEERING FEES	\$ 64,500.00	\$ 64,500.00
Prelim Engineering \$12,500		
Design - \$40,000	\$ -	\$ -
Inspection - \$10,000	\$ -	\$ -
Special - \$2,000	\$ -	\$ -
WVDOH INSPECTION	\$ 250.00	\$ 250.00
INTEREST	\$ 14,000.00	\$ 14,000.00
PROJECT CONTINGENCY	\$ 10,633.00	\$ 10,633.00
TOTAL	\$ 510,000.00	\$ 510,000.00

Rates

Non-Resale Customers \$6.02 @ 1,000 gallons, used per month
 Sale for Resale Customers \$3.45 @ 1,000 gallons, used per month

Minium Charge

No bill will be rendered for less than the following amounts according to the size of the meters installed and said minimum charge to also apply to multiply occupancy

5/8 inch meter	\$12.04 per month
3/4 inch meter	\$18.06 per month
1.0 inch meter	\$30.10 per month
1.5 inch meter	\$60.20 per month
2.0 inch meter	\$96.32 per month
3.0 inch meter	\$180.60 per month
4.0 inch meter	\$301.00 per month
6.0 inch meter	\$602.00 per month
8.0 inch meter	\$962.33 per month

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill ten percent (10%) will be added to the amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

Re-Connection Fee
\$20.00

Private Fire Protection
\$900.00 per year.

Public Fire Protection
\$900.00 per year for service from a new hydrant
\$52.00 per year for service from an existing hydrant

Tap Fees
A \$350.00 tap fee will be charged for any new service; and any change in size of existing services when requested by customer.

Cash Flow Analysis - See Attached

Attachment No 1 to the Letter of Conditions
 For: City of Romney
 Date: April 8, 2009

**City of Romney Generator Project
 OPERATING BUDGET - EXISTING RATES**

*developed
 from Audit
 PER 5 2008 report*

OPERATING INCOME		
Metered Sales	\$	345,422
Metered Sales for Resale	\$	328,466
Forfeited Discounts	\$	6,589
Other Water Revenues	\$	200
Private Fire Protection Service	\$	17,100
Misc. Service Revenues	\$	800
TOTAL OPERATING INCOME		<u>\$ 698,577</u>
NON OPERATING INCOME		
Interest income	\$	2,912
Rental Income	\$	-
Misc. Non Operating Income	\$	-
TOTAL NON OPERATING INCOME		<u>\$ 2,912</u>
TOTAL INCOME		<u>\$ 701,489</u>
<hr/>		
EXPENSES		
O & M	\$	409,976
Taxes	\$	12,042
TOTAL EXPENSES		<u>\$ 422,018</u>
INCOME AVAILABLE FOR D/S (A)		<u>\$ 279,471</u>
DEBT SERVICE		
Existing Bonds P & I (B)	\$	207,852
Proposed Bond P & I (B) (1)	\$	21,360
TOTAL DEBT SERVICE		<u>\$ 229,212</u>
DEBT SERVICE RESERVE		
Debt Service Reserve Existing	\$	20,785
Debt Service Reserve Proposed	\$	2,136
RENEWAL & REPLACEMENT RESERVE	\$	17,537 (2.5% of Gross Revenues)
TOTAL RESERVES		<u>\$ 40,458</u>
SURPLUS (DEFICIT)		<u>\$ 9,801</u>
DEBT COVERAGE (A/B)		\$ 1.22

(1) Based on RUS loan of \$510,000 @ 2.75% for 39 years.



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
(304) 353-8196 – Telephone
(304) 353-8180 – Facsimile
John.stump@steptoe-johnson.com

February 28, 2012

Via Hand Delivery

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

04:25 PM FEB 28 2012 PSC EXEC SEC DIV

Case No.: 11-0890-W-CN

CITY OF ROMNEY

Application for a certificate of convenience and
Necessity to construct certain additions and
improvements to water system.

Dear Ms. Squire:

Enclosed herein for filing on behalf of the City of Romney, please find an affidavit by the City'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

776910.00006

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

Case No.: 11-0890-W-CN

04:25 PM FEB 28 2012 PSC EXEC SEC DIV

CITY OF ROMNEY

Application for a certificate of convenience and necessity to construct certain additions and improvements to water system.

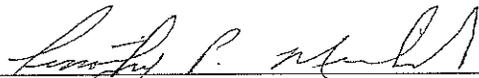
STATE OF Maryland
COUNTY OF Allegany, TO-WIT:

AFFIDAVIT

I, Timothy P. Michaels, CPA, after making an oath of affirmation to tell the truth, say that, I have reviewed the Commission Order of the Public Service Commission of West Virginia in Case No. 11-0890-W-CN dated September 27, 2011 and Commission Corrective Order dated November 22, 2011 approving project funding consisting of an RUS loan in the amount of \$510,000 with interest rate of 2.75% and a term of 40 years.

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 (i) an RUS loan in the amount of \$510,000 with interest rate of 2.25% and a term of 40 years, and (ii) an additional RUS loan in the amount of \$51,000 with interest rate of 2.25% and a term of 40 years.

This Affidavit is executed on the 3rd day of February, 2012.

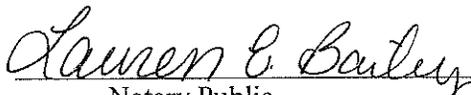


Timothy P. Michaels, CPA
Huber Michaels & Co.

Taken, subscribed and sworn to before me this 3rd day of February, 2012.

My commission expires 06/29/13.

[SEAL]



Notary Public

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

Case No.: 11-0890-W-CN

CITY OF ROMNEY

Application for a certificate of convenience and necessity to construct certain additions and improvements to water system.

STATE OF Maryland
COUNTY OF Allegany, TO-WIT:

AFFIDAVIT

I, Timothy P. Michaels, CPA, after making an oath of affirmation to tell the truth, say that, I have reviewed the Commission Order of the Public Service Commission of West Virginia in Case No. 11-0890-W-CN dated September 27, 2011 and Commission Corrective Order dated November 22, 2011 approving project funding consisting of an RUS loan in the amount of \$510,000 with interest rate of 2.75% and a term of 40 years.

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 (i) an RUS loan in the amount of \$510,000 with interest rate of 2.25% and a term of 40 years, and (ii) an additional RUS loan in the amount of \$51,000 with interest rate of 2.25% and a term of 40 years.

This Affidavit is executed on the 3rd day of February, 2012.

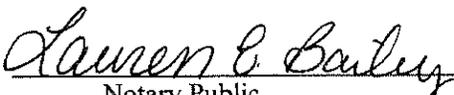


Timothy P. Michaels, CPA
Huber Michaels & Co.

Taken, subscribed and sworn to before me this 3rd day of February, 2012.

My commission expires 02/29/13.

[SEAL]



Notary Public

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 22nd day of November 2011.

CASE NO. 11-0890-W-CN

CITY OF ROMNEY

Application for a certificate of convenience and necessity to construct improvements to the City's water treatment facility by installing a secondary power system.

COMMISSION CORRECTIVE ORDER

The Commission corrects an inadvertently incorrect description of the terms of the loan approved by the September 27, 2011 Order in this case.

BACKGROUND

On June 21, 2011, the City of Romney (Romney) filed an application for a certificate of convenience and necessity (Certificate) to construct improvements to its water treatment facilities. Specifically, Romney proposed to install a 600 kW generator at the water treatment plant to be used as a secondary source of power during power outages. The project will cost approximately \$510,000 and will be funded through the American Recovery and Reinvestment Act by a loan from the United States Department of Agriculture-Rural Utility Service (RUS).

On September 27, 2011, the Commission issued a final Order in this case that, among other things, granted the Certificate, and approved the proposed financing.

On October 28, 2011, Romney filed a Motion to modify the Commission Order, noting that the September 27, 2011 Order misstated the terms of the financing. Specifically, the Order incorrectly described the financing as a \$510,000 RUS loan with a term of thirty-eight years and an interest rate of zero percent, when in fact the loan was for a term of forty years with an interest rate not to exceed 2.75 percent. Romney asked that the Commission remedy the error. Staff recommended that the Commission grant the Motion of the District.

DISCUSSION

The Commission notes that its analysis and decision to grant the certificate and approve the financing for the project were based on calculations that used the correct terms of the RUS loan. The Commission will grant the Romney Motion to correct the September 27, 2011 Commission Order.

FINDINGS OF FACT

1. The September 27, 2011 Order inadvertently contained an incorrect description of the terms of the \$510,000 RUS loan.
2. The Commission decision in the September 27, 2011 Order was based on calculations that used the correct terms for the \$510,000 RUS loan.

CONCLUSION OF LAW

It is reasonable to correct the incorrect loan terms contained in the September 27, 2011 Commission Order.

ORDER

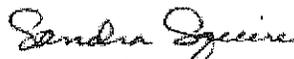
IT IS THEREFORE ORDERED that the references to the RUS loan in the Discussion, Finding of Fact No. 2, Conclusion of Law No. 2, and the second ordering paragraph of the September 27, 2011 Order in this case shall be corrected to describe the loan to be for a term of forty years at an interest rate not to exceed 2.75 percent.

IT IS FURTHER ORDERED that in all other respects the September 27, 2011 Order remains unchanged.

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

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

A True Copy, Teste:


Sandra Squire
Executive Secretary

JJW/s
110890ca.doc

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 27th day of September 2011.

CASE NO. 11-0890-W-CN

CITY OF ROMNEY

Application for a certificate of convenience and necessity to construct improvements to the City's water treatment facility by installing a secondary power system.

COMMISSION ORDER

The Commission approves a certificate of convenience and necessity.

BACKGROUND

On June 21, 2011, the City of Romney (Romney) filed an application for a certificate of convenience and necessity (Certificate) to construct improvements to its water treatment facilities. Specifically, Romney proposed to install a 600 kW generator at the water treatment plant to be used as a secondary source of power during power outages. The project will cost approximately \$510,000 and will be funded through an American Recovery and Reinvestment Act by a loan from the United States Department of Agriculture-Rural Utility Service (RUS).

On June 22, 2011, the Commission issued an Order directing Romney to (i) publish a Notice of Filing once in a newspaper published and of general circulation in the counties where service is provided, (ii) mail Form No. 14 Notice of Filing to each of its resale customers, and (iii) file affidavits with the Commission that notice was provided.

On July 21, 2011, Commission Staff filed its Initial and Final Joint Staff Memorandum. Staff noted that Romney had failed to file a Rule 42 Exhibit with its Certificate application as required by Rule 26 of the Commission Rules of Practice and Procedure (150 C.S.R 1-26). Staff stated that the certificate application was incomplete and recommended the Commission dismiss this case.

On July 25, 2011, Romney filed an affidavit stating that Romney (i) caused notice of the Certificate application to be published on July 7, 2011 in The Hampshire Review and (ii) provided notice to the Central Hampshire Public Service District on June 29, 2011.

On August 1, 2011, Romney filed various documents, including Rule 42 information. Romney also asked that the Commission toll the running of the statutory due date until January 31, 2012.

On August 3, 2011, Staff filed its Further Final Joint Staff Memorandum. Staff noted that the Rule 42 Exhibit filed by Romney was incomplete in that it did not contain an analysis for customer bills as required by Rule 19.6 of the Commission Rules for the Construction and Filing of Tariffs (Tariff Rules) 150 C.S.R 2. Staff also noted that the request by Romney that the Commission toll the running of the statutory due date until January 31, 2012, did not cure the timing problem for Staff, because the current statutory deadline is February 1, 2012. Staff recommended that the Commission dismiss this proceeding.

On August 15, 2011, Romney filed what it considered to be its complete Rule 42 exhibit. Romney agreed to cede the additional time needed to review the case.

On September 19, 2011, Staff filed its Second Further Final Joint Staff Memorandum. Staff recommended that the Commission (i) grant the Certificate to install a secondary power system at a cost of \$510,000, (ii) approve the project financing consisting of the \$510,000 RUS loan, (iii) note that approval in this case is subject to the contingencies regarding the need to reopen the case applicable to projects approved by the West Virginia Infrastructure and Jobs Development Council, (iv) require Romney to file the engineer tabulation of bids for all contracts associated with the project, (v) require Romney to file certificates of substantial completion for all contracts associated with this project, and (vi) require Romney to notify the Commission when its engineer has performed the substantial completion inspection. Staff noted that Romney had included proposed debt for a new water tank in its revised Rule 42 exhibit. Staff stated that the current rates of Romney were sufficient to support the debt for the water tank but did not recommend the Commission grant a certificate of convenience and necessity for the water tank because Romney had not included the water tank in its initial certificate application or in subsequent filings.

No protests have been filed in this case by customers of Romney.

DISCUSSION

We recognize that this case involves a specific equipment purchase, available financing, and no future rate increase implications. Romney filed a significant amount of information related to this specific equipment purchase and may have felt that some of the Commission filing requirements were not pertinent or necessary. Whether for that reason, or some other reason, the fact is that this case has been delayed because of the justified reluctance by Staff to proceed with a filing that did not comply with Commission Rules. To have proceeded otherwise would have necessitated Staff taking upon itself to waive Commission Rules. The Commission is concerned that (i) Romney originally filed a Rule 42 exhibit that did not include an analysis of customer bills as required by the Tariff Rules,

(ii) Romney did not seek a waiver of the Tariff Rules, and (iii) it has taken Romney almost two full months to submit a Rule 42 exhibit.

It is detrimental to the Certificate application process to permit inadequate, piecemeal filings that carve away the statutorily-limited time available to process a certificate application. If the unique circumstances of a filing or the limited nature and scope of a project justify expedited processing or exclusion of data required by the rules, it is incumbent on a utility to file appropriate motions for waiver of a filing requirement, setting forth good cause for a waiver. The decision of whether the filing data should be different than required by rule is for the Commission to make, not the utility. Moreover, a filing will not be entitled to statutory time-lines if it is incomplete. Romney should endeavor to submit complete application filings, with appropriate motions for waiver if necessary, in the future.

The construction of the back-up generator requires a certificate of convenience and necessity from the Commission. West Virginia law provides in W.Va. Code §24-2-11(a):

(a) A public utility... may not begin the construction of any plant... for furnishing to the public any [utility service] ... unless and until it shall obtain from the Public Service Commission a certificate of public convenience and necessity authorizing such construction

In considering whether to grant a Certificate, the Commission must assess whether the general public convenience will be served and assess the public necessity for the project. Sexton v. Public Service Commission, 188 W. Va. 305, 423 S.E.2d 914 (1992).

The Commission has an obligation with regard to any Certificate application, whether it is filed by a private utility, a public service district, or a municipality, to examine whether the project is economically feasible and financially viable. That includes assuring that there is adequate financing to fund the proposed project. Town of Man and Man Water Works, Inc., Case No. 81-433-W-PC (Order affirming Hearing Examiner Decision, April 16, 1982, 69 ARPSCWV 1893); Ohio County Public Service District, Case No. 82-482-S-CN (Order affirming Hearing Examiner Decision Without Prejudice, April 8, 1983, 70 ARPSCWV 2049). Sexton v. Public Service Commission, 188 W. Va. 305, 423 S.E.2d 914 (1992).

The Staff recommendation describes (i) the precarious state of present configuration of the Romney system and (ii) the need for a back-up generator. Further, the \$510,000 cost of the project is to be funded through a thirty-eight year RUS loan at an interest rate of zero percent. The current Romney rates, effective March 25, 2011, will not require an increase to service the RUS loan.

The Commission will grant the application of Romney for a certificate of convenience and necessity. The Commission will also approve the RUS loan for a term of thirty-eight years at an interest rate of zero percent to finance the project. This approval will be subject to the conditions recommended by Staff.

FINDINGS OF FACT

1. On June 21, 2011, Romney filed an application for a certificate of convenience and necessity to install a 600 kW generator at the water treatment plant to be used as a secondary source of power during power outages.
2. The proposed project will be financed with an RUS loan for a term of thirty-eight years at an interest rate of zero percent.
3. On July 25, 2011, Romney filed an affidavit stating that Romney (i) caused notice of the Certificate application to be published on July 7, 2011 in The Hampshire Review and (ii) provided notice to the Central Hampshire Public Service District on June 29, 2011.
4. No protests were filed in this case.
5. Staff recommended approval of the project and funding subject to certain conditions.
6. No rate increase is necessary to support the funding for this project.

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to Romney for this project.
2. It is reasonable to approve the financing for the project, which consists of a RUS loan for a term of thirty-eight years at an interest rate of zero percent.
3. The existing rates of Romney are sufficient, but not more than sufficient, to support the funding for this project.
4. Should the scope, plans or financing for the project change, Romney must obtain prior Commission approval before commencing construction.

ORDER

IT IS THEREFORE ORDERED that the application filed herein on June 21, 2011, by the City of Romney for a certificate of convenience and necessity to install a 600 kW generator at the water treatment plant to be used as a secondary source of power during power outages, be, and hereby is, granted.

IT IS FURTHER ORDERED that the financing of the project, consisting of a RUS loan for a term of thirty-eight years at an interest rate of zero percent, be, and it hereby is, approved.

IT IS FURTHER ORDERED that, should the scope, plans or financing for the project change, the City of Romney 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 Romney submits an affidavit from a certified public accountant to this effect.

IT IS FURTHER ORDERED that the City of Romney submit a copy of the certified tabulation of bids to the Commission, making the bids a part of the Commission file in this case, as soon as the bids are tabulated.

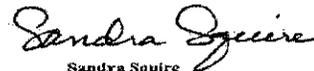
IT IS FURTHER ORDERED that the City of Romney notify the Commission when the project engineer has performed the substantial completion inspection and file the certificate of substantial completion with the Commission as soon as it is issued.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways rights-of-way, the City of Romney comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way, and that Romney obtain and file with the Commission all regulatory permits prior to commencing construction.

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

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

A True Copy. Testor:


Sandra Squire
Executive Secretary

JJW/s
110890c.wpd

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE,
TO WIT:

The Undersigned hereby certifies that the
Annexed notice was duly published in the
HAMPSHIRE REVIEW, a weekly
Newspaper published in said county, for
1 consecutive weeks, commencing
On the 7th day of July
20 11.

CORNWELL & AILES, INC.
PUBLISHERS

BY: Lana Bean

WORDS 676 COST \$88.62

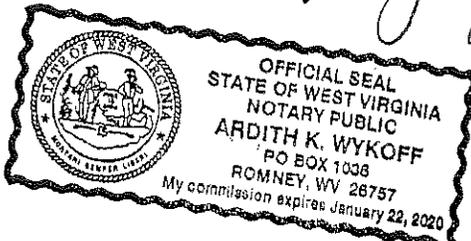
STATE OF WEST VIRGINIA
County of Hampshire, to wit:

I hereby certify that the said
LANA BEAN

did prepare and sign in my presence this
Certificate of Publication on this the
7th day of July 20 11.

My commission expires January 22, 2020

Ardith K Wykoff
Ardith K Wykoff



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 110890WCV

CITY OF ROMNEY

Application for a certificate of convenience and
necessity to construct improvements to the
City's water treatment facility by installing
a secondary power system.

NOTICE OF FILING

On June 21, 2011, the City of Romney (City) filed a verified application for a Certificate of Convenience and Necessity to construct certain improvements to the City's water treatment facility by installing a secondary power system.

The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

The City estimates that construction will cost approximately \$510,000.00. It is proposed that the construction will be financed as follows: USDA Rural Utility Service loan in the amount of \$510,000.00.

The City does not anticipate having to increase its existing water rates and charges as a result of this filing with the Public Service Commission of West Virginia. The City's current rates, which became effective on March 25, 2011, were grandfathered by the City in accordance with the Public Service Commission's rules for municipal rate changes.

The City has one resale customer, Central Hampshire Public Service District.

Anyone desiring to protest or intervene should file a written protest or request to intervene within thirty (30) days following the date of this publication unless otherwise notified by Commission order. Failure to timely protest or request to intervene waives your right to protest aspects of the certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or request to intervene. Requests to intervene must comply with the rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and requests to intervene should be addressed to Sandra Squire, Executive Secretary, P.O. Box 512, Charleston, West Virginia 25329.

In the absence of substantial protest received within thirty (30) days of this publication, the Commission may waive formal hearing and grant the application based on the Commission's review of the evidence submitted with the application.

CITY OF ROMNEY
-77-10

RECEIVED
JUL 25 AM 8:26
VA PUBLIC SERVICE
COMMISSION
CONTRACTS OFFICE

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE City CouncilOF THE Romney, City OfAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Water

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Romney, City Of
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

FIVE HUNDRED TEN THOUSAND AND XX / 100 DOLLARS (\$510,000.00)pursuant to the provisions of Chapter 8 Article 19, West Virginia Code; and

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

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

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

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 0.00

under the terms offered by the Government; that Mayor

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

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

Yeas 5 Nays _____ Absent 0

IN WITNESS WHEREOF, the City Council of the

Romney, City Of has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 1 JUNE day of _____, 2009

Romney, City Of

(SEAL)

By William C. Hicks, Sr.

Attest:

Title Mayor

Betty Coleland

Title City Clerk

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Mayor of the Romney, City Of
 hereby certify that the City Council of such Association is composed of
6 members, of whom 4 constituting a quorum, were present at a meeting thereof duly called and
 held on the 5th day of March, 2012; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of March 16th, 2012,
 the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
 rescinded or amended in any way.

Dated, this 16th day of March, 2012

Donald G. Solomon

Title Mayor

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE City Council
OF THE Romney, City Of
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A
PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS
Water

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

WHEREAS, it is necessary for the Romney, City Of
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

FIFTY-ONE THOUSAND AND XX / 100 DOLLARS (51,000.00)

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

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

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

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

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

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

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

Yeas 5 Nays 0 Absent 1

IN WITNESS WHEREOF, the City Council of the Romney, City Of has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 6th day of February, 2012

(SEAL) (if applicable)

Attest:
Cecilia M. Johnson
 Title City Administrator

Romney, City Of
 By Janice A. Solomon
 Title Mayor

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Mayor of the Romney, City Of
 hereby certify that the City Council of such Association is composed of
6 members, of whom 4 constituting a quorum, were present at a meeting thereof duly called and
 held on the 5th day of March, 2012 that the foregoing resolution was adopted at such meeting
 by the vote shown above. I further certify that as of March 16th, 2012
 the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
 rescinded or amended in any way.

Dated, this 16th day of March 2012.

Daniel C. Heleman, Mayor
 of Romney, City Of

TOWN OF ROMNEY

Water Revenue Bonds, Series 2012 A and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)

RECEIPT FOR BOND

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 16th day of March, 2012, at Romney, West Virginia, the undersigned received for the Purchaser the single, fully registered Town of Romney Water Revenue Bonds, Series 2012 A (United States Department Agriculture), No. AR-1 (the "Series 2012 A Bonds"), in the principal amount of \$510,000, dated as of the date hereof, bearing interest at the rate of 2.25% per annum, and payable in monthly installments as stated in the Bond and the single, fully registered Town of Romney Water Revenue Bonds, Series 2012 B (United States Department Agriculture), No. BR-1 (the "Series 2012 B Bonds"), in the principal amount of \$51,000, dated as of the date hereof, bearing interest at the rate of 2.25% per annum, and payable in monthly installments as stated in the Bond.

2. At the time of such receipt, the Series 2012 A Bonds and Series 2012 B Bonds had been executed and sealed by the designated officials of the Town of Romney (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of ^{37,300}~~\$57,270.17~~ 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 paid to the Issuer as acquisition and construction of the Project progresses.

3. At the time of such receipt, there was paid to the Issuer the sum of \$51,000 being the entire principal amount of the Series 2012 B Bonds.

WITNESS my signature on this 16th day of March, 2012.

Anna-Maria Collis
Authorized Representative

776910.00006

5806178

SPECIMEN

TOWN OF ROMNEY

WATER REVENUE BONDS, SERIES 2012 A (UNITED STATES DEPARTMENT OF AGRICULTURE)

\$510,000

No. AR-1

Date: March 16, 2012

FOR VALUE RECEIVED, TOWN OF ROMNEY (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 FIVE HUNDRED TEN THOUSAND DOLLARS (\$510,000), plus interest on the unpaid principal balance at the rate of 2.25% 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 \$1,668, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. 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 waterworks system (the "System") of 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 the office of 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 8, Article 19 of the West Virginia Code of 1931, as amended (herein called the "Act"), and an Ordinance of Borrower duly enacted on January 9, 2012 and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on March 5, 2012, authorizing issuance of this Bond (collectively, 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 Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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 (I) WATER REVENUE BONDS, SERIES 1997 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,900,000, (THE "SERIES 1997 A BONDS"); (II) WATER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,424,038, (THE "SERIES 1997 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2012 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 16, 2012, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$51,000, (THE "SERIES 2012 B BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

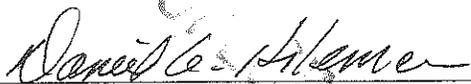
In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, TOWN OF ROMNEY 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 ROMNEY

[CORPORATE SEAL]



Mayor

340 E. Main Street
Romney, West Virginia 26757

ATTEST:



Recorder

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$37,300.00	March 16, 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 \$ _____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____
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
Borrower with full power of substitution in the premises.

Dated: _____, 20____.

In presence of:

S...CINE

TOWN OF ROMNEY

WATER REVENUE BONDS, SERIES 2012 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$51,000

No. BR-1

Date: March 16, 2012

FOR VALUE RECEIVED, TOWN OF ROMNEY (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 FIFTY ONE THOUSAND DOLLARS (\$51,000), plus interest on the unpaid principal balance at the rate of 2.25% 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 \$167, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. 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 waterworks system (the "System") of 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 the office of 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 8, Article 19 of the West Virginia Code of 1931, as amended (herein called the "Act"), and an Ordinance of Borrower duly enacted on January 9, 2012 and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on March 5, 2012, authorizing issuance of this Bond (collectively, 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 Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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 (I) WATER REVENUE BONDS, SERIES 1997 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,900,000, (THE "SERIES 1997 A BONDS"); (II) WATER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 25, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,424,038, (THE "SERIES 1997 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (III) WATER REVENUE BONDS, SERIES 2012 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MARCH 16, 2012, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$510,000, (THE "SERIES 2012 A BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, TOWN OF ROMNEY 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 ROMNEY

[CORPORATE SEAL]

Carol W. Turner

Mayor

340 E. Main Street
Romney, West Virginia 26757

ATTEST:

Shirley Maphis

Recorder

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$51,000	March 16, 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 \$51,000

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____
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
Borrower with full power of substitution in the premises.

Dated: _____, 20 ____.

In presence of:

TOWN OF ROMNEY

WATER REVENUE BONDS, SERIES 2012 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$510,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	March 16, 2012	United States Department of Agriculture	<i>Shirley Maphis</i>

776910.00006

5806170

TOWN OF ROMNEY

WATER REVENUE BONDS, SERIES 2012 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$51,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
BR-1	March 16, 2012	United States Department of Agriculture	<i>Shij Mathis</i>

776910.00006

March 16, 2012

Town of Romney
Water Revenue Bonds, Series 2012 A
(United States Department of Agriculture)

Town of Romney
Romney, West Virginia

United States Department of Agriculture
Elkins, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Romney, in Hampshire County, West Virginia (the "Issuer"), of its \$510,000 Water Revenue Bonds, Series 2012 A (United States Department of Agriculture), dated the date hereof (the "Series 2012 A Bonds"), pursuant to Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance of the Issuer duly enacted on January 9, 2012, as supplemented by Supplemental Resolution and Conformed Bond Ordinance duly adopted on March 5, 2012 (collectively, the "Bond Legislation"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a municipal corporation and political subdivision of the State of West Virginia with full power and authority to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Series 2012 A Bonds, pursuant to the provisions of the Act and other applicable provisions of law.
2. The Bond Legislation has been duly adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the Gross Revenues of the System for the security of the Series 2012 A Bonds on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated August 25, 1997, issued in the original aggregate principal amount of \$2,900,000 (the "Series 1997 A Bonds"); (ii) Water Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated August 25, 1997, issued in the original aggregate principal amount of \$1,424,038 (the "Series 1997 B Bonds") (collectively, the "Prior Bonds") and (iii) Water Revenue Bonds, Series 2012 B (United States Department of Agriculture), dated March 16, 2012, in the original aggregate principal amount of \$51,000 (the "Series 2012 B Bonds"). Other than the Series 2012 B Bonds and Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2012 A Bonds as to liens, pledge and/or source of and security for payment.

4. The Series 2012 A Bonds have been duly authorized, executed and delivered by the Issuer and is a valid and binding special obligation of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

5. The Series 2012 A Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes; therefore, the interest on the Series 2012 A Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Series 2012 A Bonds.

6. The Series 2012 A Bonds are, under the Act, exempt from all taxation by the State of West Virginia, and the other taxing bodies of said State, and interest on the Series 2012 A Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holder of the Series 2012 A Bonds and the enforceability of the Series 2012 A Bonds, the Bond Legislation and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,


STEPTOE & JOHNSON PLLC



Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoeh-johnson.com

Writer's Contact Information

March 16, 2012

Town of Romney
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)

Town of Romney
Romney, West Virginia

United States Department of Agriculture
Elkins, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Romney, in Hampshire County, West Virginia (the "Issuer"), of its \$51,000 Water Revenue Bonds, Series 2012 B (United States Department of Agriculture), dated the date hereof (the "Series 2012 B Bonds"), pursuant to Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance of the Issuer duly enacted on January 9, 2012, as supplemented by Supplemental Resolution and Conformed Bond Ordinance duly adopted on March 5, 2012 (collectively, the "Bond Legislation"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a municipal corporation and political subdivision of the State of West Virginia with full power and authority to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Series 2012 B Bonds, pursuant to the provisions of the Act and other applicable provisions of law.

2. The Bond Legislation has been duly adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the Gross Revenues of the System for the security of the Series 2012 B Bonds on a parity with the Issuer's: (i) Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated August 25, 1997, issued in the original aggregate principal amount of \$2,900,000 (the Series 1997 A Bonds"); (ii) Water Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated August 25, 1997, issued in the original aggregate principal amount of \$1,424,038 (the "Series 1997 B Bonds"); (collectively, the "Prior Bonds") and (iii) Water Revenue Bonds, Series 2012 A (United States Department of Agriculture), dated March 16, 2012, in the original aggregate principal amount of \$510,000 (the "Series 2012 A Bonds"), issued simultaneously herewith. Other than the Series 2012 A Bonds and the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2012 B Bonds as to liens, pledge and/or source of and security for payment.

4. The Series 2012 B Bonds have been duly authorized, executed and delivered by the Issuer and is a valid and binding special obligation of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

5. The Series 2012 B Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes; therefore, the interest on the Series 2012 B Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Series 2012 B Bonds.

6. The Series 2012 B Bonds are, under the Act, exempt from all taxation by the State of West Virginia, and the other taxing bodies of said State, and interest on the Series 2012 B Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holder of the Series 2012 B Bonds and the enforceability of the Series 2012 B Bonds, the Bond Legislation and the liens and pledges set forth therein may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,


STEPTOE & JOHNSON PLLC

ROYCE B. SAVILLE, PLLC

ATTORNEY AT LAW

95 WEST MAIN STREET

P. O. BOX 2000

ROMNEY, WEST VIRGINIA 26757

(304) 822-3875

FAX (304) 822-7455

March 16, 2012

Town of Romney
Romney, West Virginia

United States Department of Agriculture
Martinsburg, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Town of Romney, a municipal corporation and political subdivision of the State of West Virginia in Hampshire County of said State (the "Issuer"). As such counsel, I have examined a copy of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a Bound ordinance of the Issuer duly enacted on January 9, 2012 and a supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on March 5, 2012 (collectively, the "Bond Legislation"), and other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds"). Terms used in the Bond Legislation and not otherwise defined herein shall have the same meanings as in the Bond Legislation when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a municipal corporation and a political subdivision of the State of West Virginia.
2. The Mayor, Recorder and members of the Council of the Issuer have been duly, lawfully and properly elected or Appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
3. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.
4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds 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 agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.
5. We are of the opinion that the Issuer has received all orders and approvals from the Public Service Commission of West Virginia ("PSC"), including the Commission Order dated September 27, 2011, Commission Corrective Order dated November 22, 2011 and CPA Affidavit dated February 3, 2012 in Case No. 11-0890-W-CN approving the

financing for the Project. The time for appeal of the Commission Orders has expired prior to the date hereof. All Orders remain in full force and effect.

6. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including without limitation, all requisite orders, certificates, consents and approvals from the Public Service Commission of West Virginia, and the Issuer has duly 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, the time for appeal of which has expired prior to the date hereof without appeal.
7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System, or the validity of the Bonds, or the collection or pledge of the Gross Revenues therefore.

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

Very Truly Yours,



Royce B. Saville

Town of Romney
Water Revenue Bonds, Series 2012 A; and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BOND
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. PUBLICATION AND NO PROTEST
5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
6. SIGNATURES, ETC.
7. CERTIFICATION OF COPIES OF DOCUMENTS
8. INCUMBENCY AND OFFICIAL NAME, ETC.
9. DELIVERY AND PAYMENT
10. USE OF PROCEEDS
11. LAND AND RIGHTS OF WAY
12. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
13. CONTRACTORS' INSURANCE, ETC.
14. CONNECTIONS, ETC.
15. MANAGEMENT
16. CONFLICT OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of Town of Romney, in Hampshire County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, acting for the Issuer and in its name, hereby state and certify on this 16th day of March, 2012, in connection with the Town of Romney Water Revenue Bonds, Series 2012 A (United States Department of Agriculture), No. AR-1, fully registered, dated the date hereof, in the principal amount of \$510,000, and bearing interest at the rate of 2.25% per annum (the "Series 2012 A Bonds") and the Town of Romney Water Revenue Bonds, Series 2012 B (United States Department of Agriculture), No. BR-1, fully registered, dated the date hereof, in the principal amount of \$51,000, and bearing interest at the rate of 2.25% per annum (the "Series 2012 B Bonds"), (collectively, the "Bonds" or the "Series 2012 Bonds") as follows:

1. AUTHORIZATION AND AWARD OF BOND: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds have been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions

from the Purchaser, dated April 8, 2009, as amended, and as appears in Section 7.03 of the Bond Ordinance duly enacted on January 9, 2012, as supplemented by Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on March 5, 2012, authorizing issuance of the Bond (collectively, the "Ordinance" or "Bond Ordinance"). Terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Ordinance when used herein. The Bonds are being issued on this date to permanently finance a portion of the cost of acquisition and construction of the Project located within the boundaries of the Issuer and to pay costs of issuance thereof.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds or receipt of any grant moneys committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues; nor questioning the existence, powers or proceedings of the Issuer or the Council of the Issuer (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the waterworks system of the Issuer (the waterworks system, as improved and expanded by the Project, as defined in the Ordinance, is herein called the "System") or the acquisition and construction of the Project being financed in part out of the proceeds of sale of the Bonds; nor questioning the rates and charges provided for services of the System

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect, the time for appeal of which or rehearing having expired. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on September 27, 2011, the Commission Corrective Order entered November 22, 2011 and CPA Affidavit dated February 3, 2012 in Case No. 11-0890-W-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, and approving the financing for the Project. The time for appeal of the Commission Order has expired prior to the date hereof. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Such Order remains in full force and effect.

The Issuer enacted water rates and charges for the System on February 7, 2011. The time for appeal of such rates has expired prior to the date hereof without any timely appeals having been filed.

4. PUBLICATION AND NO PROTEST: Notice of public hearing upon the Bond Ordinance as supplemented, was duly published as required by law.

There was not any protest to the passage of the Bond Ordinance, oral or written, and the Bond Ordinance became fully effective following the public hearing thereon and remains in full force and effect.

5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System since the approval by the Purchaser of a loan to assist in acquisition and construction of the Project.

The Issuer has outstanding its Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated August 25, 1997, issued in the original aggregate principal amount of \$2,900,000 (the "Series 1997 A Bonds") and Water Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated August 25, 1997, issued in the original aggregate principal amount of \$1,424,038 (the "Series 1997 B Bonds") (collectively, the "Prior Bonds"). The Series 2012 Bonds are payable from and secured by a first lien on the Gross Revenues of the System. The Series 2012 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects.

Prior to the issuance of the Series 2012 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the 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 of the System.

The Issuer is not in default under the terms of the Prior Bonds, the ordinance and resolution authorizing the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

6. SIGNATURES, ETC.: The undersigned Mayor and Recorder did, for the Issuer on the date hereof, officially execute and seal the Series 2012 Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2012 Bonds for the Issuer.

7. 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, supplemented or changed in any way unless modification appears from later documents also listed below.

Bond Ordinance

Supplemental Resolution

Public Service Commission Orders

United States Department of Agriculture Loan Resolution

Specimen Series 2012 A Bond

Specimen Series 2012 B Bond

Charter

Oaths of Office of Officers and Council Members

Resolution on Open Governmental Proceedings

Water Rate Ordinance

Affidavit of Publication on Rate Ordinance

Minutes on Adoption and Enactment of Rate Ordinance

Affidavit of Publication on Bond Ordinance

Minutes on Adoption and Enactment of Bond Ordinance

United States Department of Agriculture Letter of Conditions and Closing Instructions

Receipt of Depository Bank

Consent of Water Development Authority

Consent of United States Department of Agriculture

8. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is the "Town of Romney." The Issuer is a municipal corporation in Hampshire County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its council, consisting of a Mayor, a Recorder and 6 councilmembers, all duly elected or appointed, as

applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Daniel Hileman, Mayor	July 1, 2009	June 30, 2013
Hliff Maphis, Recorder	July 1, 2010	June 30, 2014
James Rinker	July 1, 2009	June 30, 2013
Timothy Anderson	July 1, 2009	June 30, 2013
Michelle Lambert	July 1, 2010	June 30, 2014
Dennis Morris	July 1, 2010	June 30, 2014
Garrett D. Hott	July 1, 2009	June 30, 2013
Ronald Diciolla	July 1, 2010	June 30, 2014

The duly appointed and acting Counsel to the Issuer is Royce B. Saville, in Romney, West Virginia.

9. DELIVERY AND PAYMENT: On the date hereof, the Bonds were delivered to the Purchaser at Romney, West Virginia, by the undersigned Mayor for the purposes herein set forth, and at the time of such delivery, the Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Ordinance.

At the time of delivery of the Series 2012 A Bonds, the amount of \$37,300 was received by the undersigned Mayor, being a portion of the principal amount of the Series 2012 A, the balance to be paid as acquisition and construction of the Project progresses.

The Series 2012 A Bond is dated the date hereof and interest on advances thereon at the rate of 2.25% per annum is payable from the date of each respective advance.

At the time of delivery of the Series 2012 B Bonds, the amount of \$51,000 was received by the undersigned Mayor, being the entire principal amount of the Series 2012 B.

The Series 2012 B Bond is dated the date hereof and interest on advances thereon at the rate of 2.25% per annum is payable from the date of each respective advance.

10. USE OF PROCEEDS: The Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes. The total cost of the Project is estimated at \$561,000. Sources and uses of funds for the Project are as follows:

<u>SOURCES</u>	
Proceeds of the Series 2012 A Bonds	\$510,000
Proceeds of the Series 2012 B Bonds	51,000
Total Sources	\$561,000

<u>USES</u>	
Costs of Acquisition and Construction	\$531,000
Capitalized Interest	15,000
Costs of Issuance	15,000
 Total Uses	 \$561,000

11. **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, the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2012 Bonds.

12. **MEETINGS; PUBLICATION AND POSTING OF NOTICES, 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 acquisition, construction, operation and financing of the Project and the System were authorized, enacted or adopted at meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Charter of the Issuer and any 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 published and/or posted were so published and/or posted.

13. **CONTRACTORS' INSURANCE, ETC.:** All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions of the Purchaser, as amended, and the Bond Ordinance.

14. **CONNECTIONS, ETC.:** The Issuer will serve at least 915 bona fide full time users of the System, upon completion of the Project, in full compliance with the requirements of the Purchaser.

15. **MANAGEMENT:** The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by the Purchaser.

16. **CONFLICT OF INTEREST:** No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bond, the

Bond Ordinance and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Ordinance. For purposes of this paragraph, a “substantial financial interest” shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

17. 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.

18. 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.

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WITNESS our signatures and the official corporate seal of TOWN OF ROMNEY on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Daniel A. Heenan

Mayor

Jeff Maphis

Recorder

Ray Swill

Counsel to Issuer

776910.00006

TOWN OF ROMNEY

Water Revenue Bonds, Series 2012 A; and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Daniel E. Ferrell, Registered Professional Engineer, West Virginia License No. 013462, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify this 16th day of March, 2012, that my firm is the engineer for the acquisition and construction of improvements to the existing waterworks system (the "Project") of the Town of Romney (the "Issuer"), to be acquired and constructed in Hampshire County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned revenue bonds of the Issuer.

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 Bureau for Public Health; (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; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; and (vii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the construction of the Project and operation of the System.

4. The Project will not serve any new customers.

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WITNESS my signature on the day and year first written above.

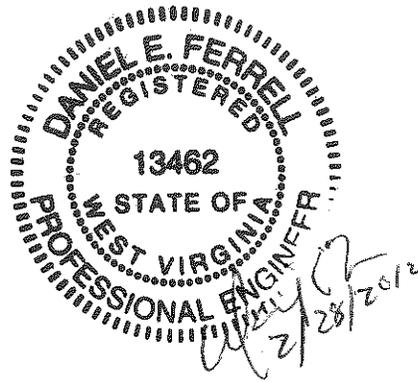
(SEAL)

THRASHER ENGINEERING, INC.



Daniel E. Ferrell, P.E.

West Virginia License No. 013462



776910.00006

CH5357848

March 16, 2012

Town of Romney
Water Revenue Bonds, Series 2012 A; and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)

Town of Romney
Romney, West Virginia

United States Department of Agriculture
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

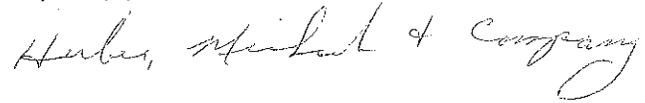
Based upon the rates and charges set forth in the water rate ordinance enacted by Town of Romney (the "Issuer") on February 7, 2011, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Thrasher Engineering, Inc., consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks 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 Water Revenue Bonds, Series 2012 A (United States Department of Agriculture), issued in the original aggregate principal amount of \$510,000 and the Water Revenue Bonds, Series 2012 B (United States Department of Agriculture), issued in the original aggregate principal amount of \$51,000 (collectively, the "Series 2012 Bonds"), and the Issuer's outstanding (i) Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated August 25, 1997, issued in the original aggregate principal amount of \$2,900,000; and (ii) Water Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated August 25, 1997, issued in the original aggregate principal amount of \$1,424,038, (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2012 Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2012 Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance

of the Series 2012 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2012 Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2012 Bonds.

In addition, the reserve accounts for the Prior Bonds are funded in accordance with the Prior Ordinances.

Very truly yours,

A handwritten signature in cursive script that reads "Huber, Michaels & Company". The signature is written in dark ink and is positioned above the printed name of the company.

HUBER MICHAELS AND COMPANY

Chap.217.- An Act prescribing the mode of electing trustees for the town of Darksville in the county of Berkshire, and vesting them with certain corporate powers and of electing trustees of the town of Romney in the County of Hampshire.

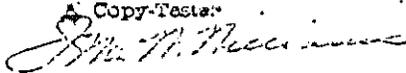
(Passed March 16, 1837.)

* * * * * 9. Be it further enacted, That all the free white inhabitants of the town of Romney in the county of Hampshire, shall be a body corporate by the name and style of the town of Romney, with the same powers, under the same rules, and regulations, and subject to the like provisions as are prescribed in the Act, entitled "an act to incorporate the town of Weston in Lewis county," except the provisions of the ninth and nineteenth sections thereof. And the said act except the said ninth and nineteenth sections, modified so that wherever the word "Lewis" occurs, the word "Hampshire" shall be substituted, and wherever after the first section of said act the word "trustee" or "trustees" occurs, the word "councilman" or "councilmen" shall be substituted, shall apply to the said town of Romney, and the purposes of this act, as fully and effectually as if the words thereof were herein repeated.

10. Be it further enacted, That the councilman or said town of Romney, may at any time open and keep or cause to be kept open, the public streets and alleys of said town, and to extend the limits of said town by adding any lands adjoining the same, with the consent of the owners of said lands, and open streets and alleys through the same, provided the limits of said town shall

never exceed one square mile. And the said councilmen may make or cause to be made, a survey and correct plan or plot of said town, showing distinctly each lot, street and alley, and the size and width thereof; which plan and survey so made out, and under the hands and seals of any four of said councilmen, shall be recorded and kept in the clerk's office of the county court of Hampshire, and the same so signed, sealed and recorded, shall in all future suits and contests concerning the boundaries of the lots, streets and alleys of said town, be deemed, held and taken as full and conclusive evidence between the parties: Provided, That infants, fomes covert, and persons non compos mentis, or out of the commonwealth, shall have six months after each disability shall be removed to contest such plan and survey so made and recorded.

11. This act shall be in force from the passage thereof.

Copy-Teste:

Clerk of the House of Delegates
and of the Senate of Virginia

JAN 14 1904

The Romney Municipal Code
of Administrative Procedures

AN ORDINANCE ADOPTING ADMINISTRATIVE PROCEDURES

WHEREAS, The City of Romney (the City) has certain powers that must be exercised by the enactment of an ordinance.

WHEREAS, the law of the State of West Virginia requires that the procedures enacting certain said ordinance be in conformity with West Virginia Code Annotated.

NOW, THEREFORE, THE CITY OF ROMNEY DOES HEREBY ADOPT:

The following Administrative Procedures.

SECTION 1

8-11-3-0 Cases requiring enactment of ordinance.

In the following enumerated cases, the action of a governing body shall, except where otherwise provided in this code, be by ordinance:

- (1) Levying taxes or providing for the collection of fees of any kind;
- (2) Requiring a license to do business;
- (3) Relating to offenses and penalties;
- (4) Authorizing the issuance of bonds or other forms of indebtedness;
- (5) Providing for a public improvement;
- (6) Providing for the purchase of private property by the municipality or for the sale of property belonging to the municipality;
- (7) Laying out or vacating a public street, avenue, road, alley or way;
- (8) Relating to planning and zoning;
- (9) Granting franchises to public utilities;
- (10) Providing for a contractual or other agreement with another jurisdiction; and
- (11) Relating to such other matters as the charter may require. The action of a governing body shall also be by ordinance in any other case in which an ordinance is required by the provisions of this code. (1937, c. 56; 1969, c.86.)

SECTION 2

8-11-4-0 Ordinance procedures.

(a) Notwithstanding any charter provision to the contrary, which charter provision was in effect on the effective date of this section (July 1, 1969), it shall not be necessary, except where otherwise provided in this code, for the governing body of any municipality to publish in a newspaper any proposed ordinance prior to the adoption thereof or any enacted ordinance subsequent to the adoption thereof, and any and all ordinances of every municipality shall be adopted in accordance with the following requirements, except where different or additional requirements are specified in other provisions of this code, in which event such other different or additional requirements shall be applicable:

- (1) A proposed ordinance shall be read by title at not less than two meetings of the governing body with at least one week intervening between each meeting, unless a member of the governing body demands that the ordinance be read in full at one or both meetings. If such demand is made, the ordinance shall be read in full as demanded.
- (2) 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 finally adopted, the governing body shall cause notice of the proposed adoption of said proposed ordinance to be published as a Class 1-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this 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 vote on 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 public inspection. Said notice shall also advise that interested parties may appear at the meeting and be heard with respect to the proposed ordinance.
- (3) A proposed ordinance shall not be materially amended at the same meeting at which finally adopted.

(b) Notwithstanding any charter provision to the contrary, which charter provision was in effect on the effective date of this section [July 1, 1969], the governing body of any municipality may adopt, by ordinance, building codes, housing codes, plumbing codes, sanitary codes, electrical codes, fire prevention codes, or any other technical codes dealing with general public health, safety or welfare, or a combination of the same, or a comprehensive code of ordinances, in the manner prescribed in this subsection (b). Before any such ordinance shall be adopted, the code shall be either printed or typewritten and shall be presented in pamphlet form to the governing body of the municipality at a regular meeting, and copies of such code shall be made available for public inspection.

The ordinance adopting such code shall not set out said code in full, but shall merely identify the same. The vote on adoption of 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 recorder, who shall not be required to transcribe and record the same in the ordinance book as other ordinances are transcribed and recorded. Consistent with the provisions of subsection (a) of this section, it shall not be necessary that any such ordinance, either 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 any such proposed ordinance, notice of the proposed adoption of such ordinance and code shall be given by publication as herein provided for ordinances the principal object of which is the raising of revenue for the municipality, which notice shall also state where, within the municipality, the code or codes will be available for public inspection.

(c) By a charter framed and adopted, revision of a charter as a whole, or a charter amendment or amendments, as the case may be, subsequent to the effective date of this section [July 1, 1969], a city may require any or all ordinances to be published in a newspaper prior to the adoption thereof, may expressly adopt the provisions of this section, may specify other additional requirements for the enactment of ordinances, or may prescribe a procedure for the enactment of ordinances in greater detail than prescribed in this section, but a city shall not, except in an emergency as specified in subsection (d) of this section or except as otherwise provided in this code, have the power and authority to lessen or reduce the requirements of this section.

(d) The governing body of a municipality may enact an ordinance without complying with the rules prescribed in this section only (1) in the case of a pressing public emergency making procedure in accordance with the provisions of this section dangerous to the public health, safety or morals, and by affirmative vote of two thirds of the members elected to the governing body, or (2) when otherwise provided in this code. The nature of any such emergency shall be set out in full in the ordinance. (1937, c. 56; 1959, c. 123; 1963, c. 121; 1965, c. 110; 1967, c. 105; 1969, c. 86.)

LEGAL NOTICE AND PUBLIC HEARING: Upon adoption hereof, the recorder shall publish a copy of this ordinance as Class 11-0 legal advertisement once a week for two successive weeks within a period of fourteen (14) consecutive days, with at least six (6) full days intervening between each publication in the The Hampshire Evening, being the only newspaper publication and of general circulation in the city or the County of Hampshire, and said notice shall state that this Ordinance has been adopted on first reading and that any person interested may appear before the Council upon a date certain, the date of the third reading hereof, stated in such notice, which date shall not be less than ten (10) days subsequent to the date of the first publication of the Ordinance and Notice, and present protests. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on first reading: 7 Dec 1992
 Passed on second reading: 11 Jan 1993
 Passed and enacted on third and final reading
 following public hearing: 01 FEB 93

William E. Phelan, Sr.
 MAYOR

W. L. M. [Signature]
 RECORDER

CITY OF ROMNEY

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the City of Romney does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the Recorder at the front door or bulletin board of the City Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Recorder not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the Recorder at the front door or bulletin board of the City Hall not less than 72 hours before a specialy 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 7th day of September, 2004.

William E. Huber, Sr.
Mayor

[SEAL]

ATTEST:

Slippmaphis
Recorder

CERTIFICATION

I, Iliff Maphis, duly appointed Recorder of the City of Romney do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the City Council of the City of Romney at a regular meeting of City Council held September 7, 2004, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 9th day of September, 2004.

[SEAL]

Iliff Maphis
Recorder

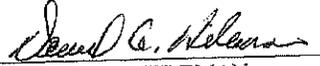
08/23/04
776910.00001

OATH

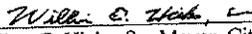
STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE, scilicet:

I, DANIEL O. HILEMAN, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and the State of West Virginia and the Charter and By-Laws of the City of Romney; that I am eligible under Chapter 8 of the Code of West Virginia to serve the Office of MAYOR and that I will faithfully discharge the duties of the Office of MAYOR for the ensuing term beginning July 1, 2009 to June 30, 2013 to the best of my ability, SO HELP ME GOD.

In witness whereof, I have hereunto set my hand this 17 day of JUN, 2009.


DANIEL O. HILEMAN

Subscribed and sworn to before me this 17 day of JUN, 2009.


William E. Hicks, Sr., Mayor, City of Romney
Hampshire County, West Virginia

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE

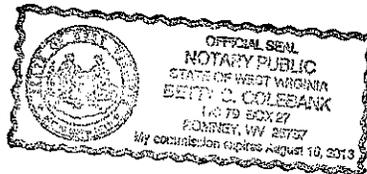
I, Betty C. Colebank, a notary public in and for said State of West Virginia, do hereby certify that Daniel O. Hileman., whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 17 day of June, 2009

My commission expires 8-16-2013


Notary Public

1. Original filed with City
2. Certified copy to County Clerk
3. Copy to Candidate



OATH

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE, scilicet:

I, JAMES DAVID RINKER, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and the State of West Virginia and the Charter and By-Laws of the City of Romney; that I am eligible under Chapter 8 of the Code of West Virginia to serve the Office of COUNCIL and that I will faithfully discharge the duties of the Office of COUNCIL for the ensuing term beginning July 1, 2009 to June 30, 2013 to the best of my ability,
SO HELP ME GOD.

In witness whereof, I have hereunto set my hand this 17 day of June, 2009.

James D. Rinker
JAMES DAVID RINKER

Subscribed and sworn to before me this 17 day of JUN, 2009.

William E. Hicks, Sr.
William E. Hicks, Sr., Mayor, City of Romney
Hampshire County, West Virginia

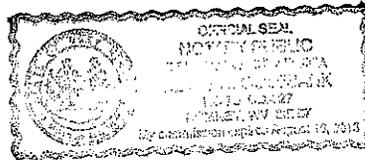
STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE

Ruth E. Colabari, a notary public in and for said State of West Virginia, do hereby certify that James David Rinker whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 17 day of June, 2009.

My commission expires 8-16-2013 Ruth E. Colabari
Notary Public

- 1 Original filed with City
- 2 Certified copy to County Clerk
- 3 Copy to Candidate

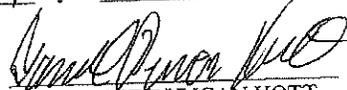


OATH

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE, scilicet:

I, GARRETT DUNCAN HOTT, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and the State of West Virginia and the Charter and By-Laws of the City of Romney; that I am eligible under Chapter 8 of the Code of West Virginia to serve the Office of COUNCIL and that I will faithfully discharge the duties of the Office of COUNCIL for the ensuing term beginning July 1, 2009 to June 30, 2013 to the best of my ability, SO HELP ME GOD.

In witness whereof, I have hereunto set my hand this 17 day of JUNE, 2009


GARRETT DUNCAN HOTT

Subscribed and sworn to before me this 17 day of JUN., 2009


William E. Hicks, Sr., Mayor, City of Romney
Hampshire County, West Virginia

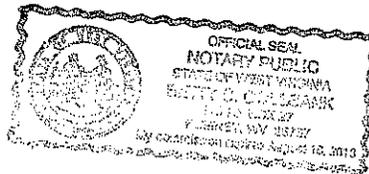
STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE

I, Retty C. Colebant, a notary public in and for said State of West Virginia, do hereby certify that Garrett Duncan Hott, whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 17 day of JUNE, 2009.

My commission expires 8-16-2013 Retty C. Colebant
Notary Public

- 1 Original filed with City
- 2 Certified copy to County Clerk
- 3 Copy to Candidate



OATH

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE, scilicet:

I, TIMOTHY ROBERT ANDERSON, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and the State of West Virginia and the Charter and By-Laws of the City of Romney; that I am eligible under Chapter 8 of the Code of West Virginia to serve the Office of COUNCIL and that I will faithfully discharge the duties of the Office of COUNCIL for the ensuing term beginning July 1, 2009 to June 30, 2013 to the best of my ability, SO HELP ME GOD.

In witness whereof, I have hereunto set my hand this 17 day of JUN, 2009.


TIMOTHY ROBERT ANDERSON

Subscribed and sworn to before me this 17 day of JUN, 2009.


William E. Hicks, Sr., Mayor, City of Romney
Hampshire County, West Virginia

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE

I, Betty C. Colebank a notary public in and for said State of West Virginia, do hereby certify that, Timothy Robert Anderson whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 17 day of JUNE 2009.

My commission expires 8-16-2013


Notary Public

- 1. Original filed with City.
- 2. Certified copy to County Clerk
- 3. Copy to Candidate



OATH

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE, scilicet:

I, ILIFF MAPHIS, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and the State of West Virginia and the Charter and By-Laws of the City of Romney; that I am eligible under Chapter 8 of the Code of West Virginia to serve the Office of RECORDER and that I will faithfully discharge the duties of the Office of RECORDER for the ensuing term beginning July 1, 2010 to June 30, 2014 to the best of my ability, SO HELP ME GOD.

In witness whereof, I have hereunto set my hand this 10th day of July, 2010.

Iliff Maphis
ILIFF MAPHIS

Subscribed and sworn to before me this 12 day of July, 2010.

Daniel O. Hileman
Daniel O. Hileman, Mayor, City of Romney
Hampshire County, West Virginia

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE

I, Betty Colebank, a notary public in and for said State of West Virginia, do hereby certify that Iliff Maphis, whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 12 day of July, 2010

My commission expires Aug 16, 2013

Betty E. Colebank
Notary Public

- 1 Original filed with City
- 2 Certified copy to County Clerk
- 3 Copy to Candidate



OATH

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE, scilicet:

I, DENNIS E. MORRIS, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and the State of West Virginia and the Charter and By-Laws of the City of Romney; that I am eligible under Chapter 8 of the Code of West Virginia to serve the Office of COUNCIL and that I will faithfully discharge the duties of the Office of COUNCIL for the ensuing term beginning July 1, 2010 to June 30, 2014 to the best of my ability, SO HELP ME GOD.

In witness whereof, I have hereunto set my hand this 28 day of June, 2010

Dennis E. Morris

DENNIS E. MORRIS

Subscribed and sworn to before me this 28 day of June, 2010

Daniel O. Hileman

Daniel O. Hileman., Mayor, City of Romney
Hampshire County, West Virginia

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE

I, Betty Colebank, a notary public in and for said State of West Virginia, do hereby certify that Dennis E. Morris, whose name is signed to the writing above, has this day acknowledged the same before me.

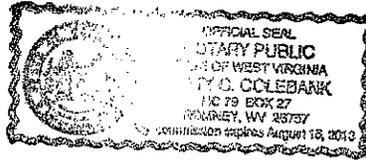
Given under my hand this 28 day of June, 2010.

My commission expires Aug 16, 2013

Betty E. Colebank
Notary Public

- 1 Original filed with City
- 2 Certified copy to County Clerk
- 3 Copy to Candidate

OATH



OATH

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE, scilicet:

I, MICHELLE J. LAMBERT, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and the State of West Virginia and the Charter and By-Laws of the City of Romney; that I am eligible under Chapter 8 of the Code of West Virginia to serve the Office of COUNCIL and that I will faithfully discharge the duties of the Office of COUNCIL for the ensuing term beginning July 1, 2010 to June 30, 2014 to the best of my ability, SO HELP ME GOD.

In witness whereof, I have hereunto set my hand this 29 day of June, 2010.


MICHELLE J. LAMBERT

Subscribed and sworn to before me this 29 day of June, 2010.


Daniel O. Hileman, Mayor, City of Romney
Hampshire County, West Virginia

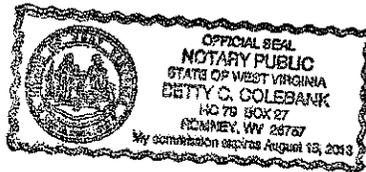
STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE

I, Betty Colebank, a notary public in and for said State of West Virginia, do hereby certify that, Michelle J. Lambert whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 29 day of June 2010.

My commission expires Aug 14, 2013 Betty C. Colebank
Notary Public

- 1 Original filed with City.
- 2 Certified copy to County Clerk
- 3 Copy to Candidate



OATH

OATH

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE, scilicet:

I, RONALD J. DICIOLLA, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and the State of West Virginia and the Charter and By-Laws of the City of Romney; that I am eligible under Chapter 8 of the Code of West Virginia to serve the Office of COUNCIL and that I will faithfully discharge the duties of the Office of COUNCIL for the ensuing term beginning July 1, 2010 to June 30, 2014 to the best of my ability, SO HELP ME GOD.

In witness whereof, I have hereunto set my hand this 29 day of June, 2010

Ronald J. Diciolla
RONALD J. DICIOLLA

Subscribed and sworn to before me this 29 day of June, 2010

Daniel O. Hileman
Daniel O. Hileman., Mayor, City of Romney
Hampshire County, West Virginia

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE

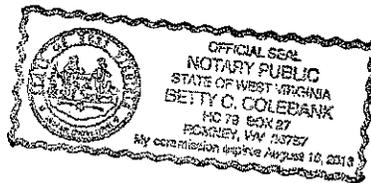
I, Betty Colebank, a notary public in and for said State of West Virginia, do hereby certify that Ronald J. Diciolla, whose name is signed to the writing above, has this day acknowledged the same before me.

Given under my hand this 29 day of June, 2010.

My commission expires Aug 16, 2013

Betty C. Colebank
Notary Public

- 1 Original filed with City
- 2 Certified copy to County Clerk
- 3 Copy to Candidate



RECEIVED

2011 FEB 10 AM 8 24

WVA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

ORDINANCE NUMBER 20110702-1

AN ORDINANCE ESTABLISHING AND FIXING NEW RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGE FOR SERVICE FOR CONSUMERS OF THE WATER SYSTEM OF THE CITY OF ROMNEY.

WHEREAS, The City of Romney (the "City") owns and operates a municipal water system (the "System"), and

WHEREAS, The City Council desires to establish rates, fees and charges for the System which are just, reasonable, applied without unjust discrimination or preference and based primarily on the cost of providing these services, and

WHEREAS, it is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of all users, and

WHEREAS, it is considered necessary to allow growth, extensions and development for the City and surrounding areas, and

WHEREAS, the present rates, fees and charges...impairs the City from carrying out its obligations to the public, and

WHEREAS, an increase of rates is essential, to generate revenue necessary to provide for the repair, maintenance and operation of the existing Water System of the City of Romney

WHEREAS, the increase of rates will not take effect sooner than forty-five days after final passage or adoption of this ordinance.

NOW, THEREFORE, THE CITY OF ROMNEY HEREBY ORDAINS:

SECTION 1, SCHEDULE OF RATES

APPLICABILITY

Applicability in entire territory served.

AVAILABILITY

Available for residential, commercial, industrial and sale for resale.

RATES

Non-Resale Customers = \$8.45 @ 1,000 gallons, used per month
Sale for Resale Customers = \$4.84 @ 1,000 gallons, used per month

MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed and said minimum charge to also apply to multiple occupancy, to wit:

5/8 inch meter	\$ 16.90 per month
3/4 inch meter	\$ 25.35 per month
1.0 inch meter	\$ 42.25 per month
1.5 inch meter	\$ 84.50 per month
2.0 inch meter	\$ 135.20 per month
3.0 inch meter	\$ 253.50 per month
6.0 inch meter	\$ 845.00 per month
8.0 inch meter	\$1,350.82 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RE-CONNECTION FEE \$ 25.00

VOLUNTARY DISCONNECT/CONNECT FEES

\$25.00 for each service will be charged for all non-emergency request

RETURNED CHECK FEE..... \$ 25.00

METER TESTING FEE \$ 20.00

PRIVATE FIRE PROTECTION\$900.00 per year.

PUBLIC FIRE PROTECTION\$900.00 per year for service

TAP FEES

1. Typical 5/8 inch tap = \$1,000.00 inclusive of installation and materials.
2. The cost/plus method, added to the Tap Fee shall be used to determine the charge for any non-typical or larger than 5/8 inch tap. A fee to be determined by the City and the requesting party.
3. Non-essential modifications as requested by property owner and as approved by utility will be made at the sole expense of the property owner.

2% EXCISE TAX

An excise tax in the amount of 2% is imposed on the consumer, user, or purchaser within the corporate limits of the City of Romney, of public utility services. Such tax shall be computed on the basis of 2% of the gross amount of each periodic statement rendered and shall be included as a part of the monthly bill to the consumer.

APPLICATION FOR WATER SERVICE

In accordance with West Virginia Public Service Commission Rules and Regulations, all applicants desiring water service will be required to make written application and pay a security deposit at the City of Romney Municipal Office.

PROPERTY OWNER/TENANT

The tenant will be required to complete an application for water service and pay a security deposit, should meter be removed or shut off, be required to pay a reconnection fee. The property owner must also sign the application before such meter will be installed. If the property owner cannot sign the application, a letter must be written by the property owner verifying the accuracy of tenant application and appropriate property location.

When the tenant request termination of service, the meter will be removed and will automatically be put in the property owner's name.

TERMINATION OF WATER SERVICE POLICY

Whenever any water rates, fees or charges for services or facilities furnished remain unpaid past the latest pay date, the user of such services and facilities provided shall be delinquent. The utility providing water service to its customers shall have the right to terminate water service for delinquency in payment.

WATER THEFT

People using water illegally – such as using unmetered water – not only denies the water system money each year but also imposes costs on other paying customers.

Water theft by property owners is a serious offense and can result in significant fines as well as criminal or civil prosecution.

In addition to any penalties, customers caught stealing water will be charged for water they used through an estimated calculation.

DEFERRED PAYMENT POLICY

A customer who has been informed of termination of water service for non-payment of a water bill who has an ability to pay but only in installment shall be given the opportunity of a deferred payment agreement.

COLLECTION PROCEDURES

The terms of payment options are check, money order, cash, and certified check.

Payment options are pay by mail; pay in person at municipal office, First National Bank, Bank of Romney; deposit/drop box at municipal office.

LEAK ADJUSTMENTS

Should a leak be deemed eligible, the customer is due an adjustment. The adjusted bill shall be calculated as follows – the charge for average usage plus charge for usage in excess of the average usage at the applicable incremental costs set by the Public Service Commission of West Virginia.

EQUIPMENT TAMPERING AND/OR NEGLECT

Tampering or neglect of the City of Romney's utility's regulating, measuring, distribution, operating equipment, upon confirmation is subject to fines and penalties as defined by West Virginia State Code 61-3-45 – adopted by the City of Romney as follows:
“Every person defined as account holder and/or property owner who, with intent to injure, or defraud, connects, or causes to be connected, any pipe, instrument, operating equipment; or imposes any foreign prohibited material into the utility operating system resulting in damage is guilty of a misdemeanor and, upon conviction thereof, shall be subject to termination of service, fines and penalties not to exceed two thousand dollars, in addition to replacement cost inclusive of material and labor for damaged equipment.”

METER ACCESSABILITY

The utility shall at all reasonable times have access to meters, service connections and other property owned by the utility. Neglect or refusal on the part of customer's to provide reasonable access to meters, service connections and other property owned by the utility shall be deemed to be sufficient cause for discontinuance of service.

SECTION 2

All ordinances, resolutions and orders or parts thereof in conflict with the provisions this ordinance are, to the extent of such conflict, hereby repealed.

SECTION 3

STATUTORY NOTICE AND PUBLIC HEARING. Upon passage hereof, the Recorder shall publish a copy of this Ordinance as a Class I-0 legal advertisement once a week for one week in THE HAMPSHIRE REVIEW, being the only newspaper published and of general circulation in the County of Hampshire, and said notice shall state that this Ordinance has been adopted on a first reading and that any person interested, may appear before the Council upon a date certain, the date of the final reading thereof, stated in such notice, which date shall not be less than five (5) days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

First Reading 01-11-2011

Second Reading (title only) 01-11-2011

Final Reading & Hearing 2/7/11

ATTEST Daniel O. Hileman
Daniel O. Hileman, Mayor

Liff Maphis
Liff Maphis, Recorder

**CITY OF ROMNEY
ROMNEY, WEST VIRGINIA
SPECIAL COUNCIL MEETING
JANUARY 11, 2011**

Mayor Hileman called a special meeting of the Romney City Council on January 11, 2011 at 5:00pm. Mayor Hileman led the group in the pledge of allegiance followed with prayer.

Roll Call:

Mayor Hileman	- present	Councilman Anderson	- absent
Recorder Maphis	- absent	Councilman Diciolla	- present
City Adm. Johnson	- present	Councilman Rinker	- present
Councilman Hott	- absent	Councilman Morris	- present
Councilwoman Turner	- present		

Guests:

Michael O'Brian (Hampshire Review) and Jim Kinder

Diciolla read Water Rate Ordinance in its entirety and 2nd reading in title only, 1st and 2nd readings satisfied.

Rinker ascertained amount of increase: \$6.02 < \$8.45 residential use (\$2.43 per thousand)

Turner read Sewer Ordinance in its entirety and 2nd reading in title only, 1st and 2nd readings satisfied. ✓

Morris ascertained amount of increase: \$9.50 < \$10.83 residential use (\$1.33 per thousand)

Average residential rate will raise \$7.60/month (Johnson)

Jim Kinder asked if Sunrise Summit customers could be annexed into city. Johnson said city is pursuing "squaring off" boundaries to include more residence and business; wouldn't reach Sunrise developments.

Michael O'Brian asked if the bulk rate of sewerage charge for Central Hampshire would rise – Johnson said yes, sooner or later.

Diciolla made motion to approve new water and sewer rates as presented, seconded by Rinker, motion carried.

Diciolla motioned to adjourn; Rinker seconded

Meeting adjourned at 5:40pm

Daniel O. Hileman, Mayor

Dennis Morris, Recorder Pro Temp

**CITY OF ROMNEY
ROMNEY, WEST VIRGINIA
REGULAR COUNCIL MEETING
FEBRUARY 7, 2011**

Mayor Hileman called to order the regular City of Romney Council meeting February 3, 2011 at 7:00 pm. Mayor Hileman led the group in the pledge of allegiance followed with prayer by Pastor Diciolla.

Roll Call:

Mayor Hileman	- present	Councilman Diciolla	- present
Recorder Maphis	- present	Councilman Anderson	- present
City Adm Johnson	- present	Councilman Rinker	- present
City Clerk Colebank	- present	Councilman Morris	- present
Chief See	- present	Councilman Hott	- present
		Councilwoman Turner	- present

Also in attendance Attorney Cathe Moreland, Cindy Johnson – Romney 250th.

Previous Minutes:

Mayor Hileman called for action on minutes of 1/03/11 meeting, Diciolla moved to approve minutes as presented, seconded by Turner, motion carried.

Minutes of 1/11/11, Rinker moved to approve minutes as presented, seconded by Turner, motion carried.

Comments from Guests:

Cindy Johnson – Romney 250th presented the drawings of the paver patterns.

Communication:

Sent & received, council has copies, no action

Committee Reports:

Ordinance	- Diciolla	- no report
Sanitation	- Hott	- no report
Streets	- Morris	- no report
Finance	- Turner	- no report
Building	- Rinker	- no report
Parking Auth	- Rinker	- Diciolla reported .5 & .10 for parking meters for an additional month.
Parks & Rec	- Morris	- Meeting scheduled with county commission requesting financial help for the pool. Teen Center continues with approximately two volunteers.
Police Dept.	- See	- (attachment #1) 2010 yearly report – Jan 2011 & Feb, 2011 reports

Building Permits: (attachment #2)

Payment of Bills:

Rinker moved to pay the bills based on availability of funds, seconded by Morris, motion carried.

Overtime Report: (attachment #3)

Old Business:

- a. 3rd and final reading of Ordinance #20110702, re: proposed sewer rate increase with council vote. Rinker moved to approve 3rd & final reading of proposed sewer rate increase, seconded by Hott, motion carried.
- b. 3rd and final reading of Ordinance #20110701-1, re: proposed water rate increase with council vote. Diciolla moved to approve 3rd & final reading of proposed water rate increase, seconded by Anderson, vote 5 yes – 1 no, motion carried.

New Business:

- a. Resolution: adding Romney Board of Parks & Recreation – Worker's Compensation insurance expense to the City of Romney as fully reimbursable transaction, Anderson moved

**CITY OF ROMNEY
ROMNEY, WEST VIRGINIA
REGULAR COUNCIL MEETING
FEBRUARY 7, 2011**

to approve resolution, seconded by Rinker, all council signed and voted yes, motion carried (attachment #4).

- b. Resolution: authorization to participate in NCOA – National Council on Aging as related to Work Force Title 5 – employment (Eileen J. explained resolution). Diciolla moved to approve resolution, seconded by Turner, all council signed and voted yes, motion carried (attachment #5).
- c. Resolution: extension of employment offer – part time Parking Security Attendant, Rinker moved to approve resolution, seconded by Anderson, all council signed and voted yes, (attachment #6).
- d. Resolution: approve to renew 2011 Commercial Chipper Use Agreement with Region 8 Solid Waste Authority (RESA) (attachment #7).
- e. Motion: approve budget revision, Morris moved to approve budget revision, seconded by Anderson, motion carried.
- f. Motion: approve internal budget revision, Diciolla moved to approve internal budget revision, seconded by Rinker, motion carried.
- g. Motion: Personnel Handbook, move to executive session
- h. Motion: approve increase of employees allowance for steel toe shoes to \$100 per FY as recommended by the 2011 Safety Committee, Anderson moved to approve \$100 per FY shoe allowance, seconded by Diciolla, motion carried.

Mayor/City Administrator Comments:

Johnson – reported meeting with Ferrell – Phase II – Tuesday
Network – Middle School students
Training – Budget – Martinsburg – 2/15/11 & 2/17/11
Part Time Parking Attendant – 2nd pay period ??? (not sure, tape bad).
Sidewalks/Trees – 27 trees to come out – Main St., approximately \$10,700. – additional info
March meeting.
Water main break – labor & material \$11,385.22
Water Generator – moving forward
Staff Training – supervisors – approximately \$1,300 – March 15 & 29, 2011

Hileman - Retirement Fund State – all employees are members – up 2%.

Ex-Session – 7:55 pm

Resume business meeting 8:43 pm

No action or vote taken during ex-session.

Mayor called for motion pertaining to amendment to employee handbook (Eileen will have attachment for this issue). Employee's all full time 40 hrs per week, Anderson moved to approve amendment, seconded by Diciolla, motion carried.

Request for additional ex-session 8:45 pm

Resume business meeting 8:50 pm

Meeting adjourned 8:51 pm

Daniel O. Hileman, Mayor

Iliff Maphis, Recorder

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE,
TO WIT:

RECEIVED

2011 FEB 10 AM 8 24

The undersigned hereby certifies that the
Annexed notice was duly published in the
HAMPSHIRE REVIEW, a weekly
Newspaper published in said County, of
consecutive weeks, commencing
On the 26th day of January
2011.

CORNWELL & AILES, INC.
PUBLISHERS

BY: Lana Bean

WORDS 2392 COST \$ 294.54

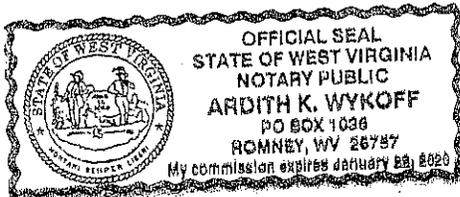
STATE OF WEST VIRGINIA
County of Hampshire, to wit:

I hereby certify that the said
LANA BEAN

did prepare and sign in my presence this
Certificate of Publication on this the
26th day of January 2011.

My commission expires January 22, 2020

Ardith K. Wykoff
Ardith K. Wykoff



NOTICE

Pre

CITY OF ROMNEY

Notice is hereby given that the City of Romney, a municipal corporation, will hold a hearing before the final vote on a proposed ordinance, the principal object of which is the increase of water rates for customers of the water system operated by the City of Romney. The title of such ordinance is "AN ORDINANCE ESTABLISHING AND FIXING NEW RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGE FOR SERVICE FOR CONSUMERS OF THE WATER SYSTEM OF THE CITY OF ROMNEY."

The rates and charges being proposed are:

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicability in entire territory served.

AVAILABILITY

Available for residential, commercial, industrial and sale for resale.

RATES

NonResale Customers = \$8.45 per 1,000 gallons, used per month
Sale for Resale Customers = \$4.84 per 1,000 gallons, used per month

MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed and said minimum charge to also apply to multiple occupancy, to wit:

5/8 inch meter — \$ 16.90 per month
3/4 inch meter — \$ 25.35 per month

1.0 Inch meter — \$ 42.25 per month
1.5 inch meter — \$ 84.50 per month
2.0 inch meter — \$ 135.20 per month
3.0 inch meter — \$ 253.50 per month
6.0 inch meter — \$ 845.00 per month
8.0 inch meter — \$1,350.82 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RECONNECTION FEE — \$ 25.00

VOLUNTARY DISCONNECT/CONNECT FEES

\$25.00 for each service will be charged for all nonemergency request

RETURNED CHECK FEE — \$ 25.00

METER TESTING FEE — \$ 20.00

PRIVATE FIRE PROTECTION — \$900.00 per year.

PUBLIC FIRE PROTECTION — \$900.00 per year for service

TAP FEES

1. Typical 5/8 inch tap = \$1,000.00 inclusive of installation and materials.
2. The cost/plus method, added to the Tap Fee shall be used to determine the charge for any nontypical or larger than 5/8 inch tap. A fee to be determined by the City and the requesting party.
3. Nonessential modifications as requested by property owner and as approved by utility will be made at the sole expense of the property owner.

2% EXCISE TAX

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE,
TO WIT:

Tariff Form No. 12
(Tariff Rule 44)

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

The undersigned hereby certifies that the annexed notice was duly published in the HAMPSHIRE REVIEW, a weekly newspaper published in said county, for 2 consecutive weeks, commencing on the 9th day of February, 2011.

NOTICE is hereby given that the City of Romney Water Utility, a public utility, has adopted by ordinance on February 7, 2011 a tariff containing increased rates, tolls and charges for furnishing water service to 1059 customers at and around Romney in the County of Hampshire.

The proposed increased rates and charges will become effective March 25, 2011 unless otherwise ordered by the Public Service Commission and will produce approximately \$196,361.00 annually in additional revenue, an increase of 28.4%. The average monthly bill for the various classes of customers will be changed as follows:

	(\$)	INCREASE	INCREASE (%)
Residential	\$	94,660	44.01%
Commercial	\$	32,572	27.09%
Industrial	\$	1,799	55.78%
Re-Sale	\$	67,331	20.87%

CORNWELL & AILES, INC.
PUBLISHERS

BY: DeLoris A Dolly

WORDS 910 COST \$198.66

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

STATE OF WEST VIRGINIA
County of Hampshire, to wit:

I hereby certify that the said DeLoris Dolly

did prepare and sign in my presence this Certificate of Publication on this the 16th day of February, 2011.

My commission expires January 22, 2020

- (1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty- five percent of the customers served by such municipally operated public utility; or
- (2) Any customer who is served by a municipally operated public utility and resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or
- (3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

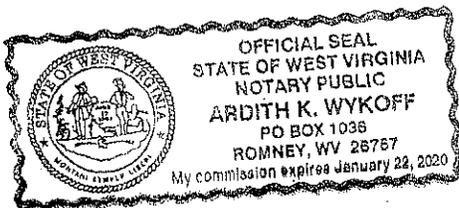
All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or, their agents at any of the following offices of the utility,

City of Romney, 340 E. Main Street, Romney, West Virginia 26757

A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

Ardith K. Wykoff
Ardith K. Wykoff



STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE,
TO WIT:

The undersigned hereby certifies that the
Annexed notice was duly published in the
HAMPSHIRE REVIEW, a weekly
Newspaper published in said county, for
2 consecutive weeks, commencing
On the 9th day of February
2011.

CORNWELL & AILES, INC.
PUBLISHERS

BY: Dellaria A. Dolly

WORDS 910 COST \$198.60

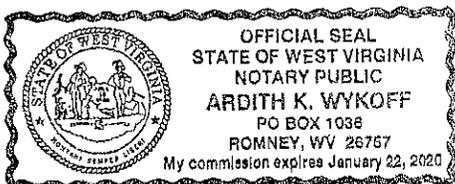
STATE OF WEST VIRGINIA
County of Hampshire, to wit:

I hereby certify that the said

did prepare and sign in my presence this
Certificate of Publication on this the
16th day of February 2011.

My commission expires January 22, 2020

Ardith K. Wykoff
Ardith K. Wykoff



02:16 PM MAR 15 2011 PSC EXEC SEC DIV

265x

Tariff Form No. 12
(Tariff Rule 44)

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

NOTICE is hereby given that the City of Romney Sewer Utility, a public utility, has adopted by ordinance on February 7, 2011, a tariff containing increased rates, tolls and charges for furnishing sewer service to 2027 customers at and around Romney in the County of Hampshire.

The proposed increased rates and charges will become effective March 25, 2011 unless otherwise ordered by the Public Service Commission and will produce approximately \$66,723.00 annually in additional revenue, an increase of 11.9%. The average monthly bill for the various classes of customers will be changed as follows:

	(\$) INCREASE	INCREASE (%)
Residential	\$ 44,490	12.1%
Commercial	\$ 20,964	12.1%
Industrial	\$ 911	12.2%

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

- (1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such municipally operated public utility; or
- (2) Any customer who is served by a municipally operated public utility and resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or
- (3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at any of the following offices of the utility,

City of Romney, 340 E. Main Street, Romney, West Virginia 26757

A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE,
TO WIT:

The Undersigned hereby certifies that the
Annexed notice was duly published in the
HAMPSHIRE REVIEW, a weekly
Newspaper published in said county, for
2 consecutive weeks, commencing
On the 28th day of December
2011.

CORNWELL & AILES, INC.
PUBLISHERS

BY: Lana Bean

WORDS 624 COST \$138.54

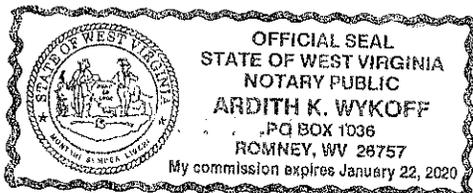
STATE OF WEST VIRGINIA
County of Hampshire, to wit:

I hereby certify that the said
LANA BEAN

did prepare and sign in my presence this
Certificate of Publication on this the
4th day of January 2012.

My commission expires January 22, 2020

Ardith K Wykoff
Ardith K Wykoff



TOWN OF ROMNEY BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of the Town of Romney (the "Town") to be held on Monday, January 9, 2012, at 7:00 p.m. at the Town Hall, Romney, 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 ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF TOWN OF ROMNEY, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY TOWN OF ROMNEY OF NOT MORE THAN \$710,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2012 A (UNITED STATES DEPARTMENT OF AGRICULTURE) IN ONE OR MORE SERIES; 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

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 extensions, additions, betterments and improvements to the waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof 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 Romney on December 5, 2011. 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.

/s/ Betty Colebank
Clerk
12-28-2c

TOWN OF ROMNEY

Water Revenue Bonds, Series 2012 A; and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)

EXCERPT OF MINUTES ON ADOPTION OF
SUPPLEMENTAL RESOLUTION AND DRAW RESOLUTION

The undersigned RECORDER of the Town of Romney 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 Romney met in regular session, pursuant to notice duly posted, on the 5th day of March, 2012, in Hampshire County, West Virginia, at the hour of 7:00 p.m.

PRESENT:

Daniel Hileman	Mayor
Iiff Maphis	Recorder
James Rinker	Councilperson
Timothy Anderson	Councilperson
Michelle Lambert	Councilperson
Dennis Morris	Councilperson
Ronald Diciolla	Councilperson
John Stump, Steptoe & Johnson	

ABSENT:

Garrett Hott	Councilperson
--------------	---------------

Daniel Hileman, Mayor, presided, and Iiff Maphis, acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Mayor then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION MAKING PROVISIONS AS TO
PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION
PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL

PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE
WATER REVENUE BONDS, SERIES 2012 A AND WATER REVENUE
BONDS, SERIES 2012 B OF TOWN OF ROMNEY, APPROVING THE
CONFORMED ORDINANCE 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 Ronald Diciolla and seconded by Dennis Morris, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Dennis Morris and seconded by Ronald Diciolla, it was unanimously ordered that the said Draw 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 Romney and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

Dated: March 16, 2012.


Recorder

776910.00006

5958438

**CITY OF ROMNEY
ROMNEY, WEST VIRGINIA
REGULAR COUNCIL MEETING
NOVEMBER 7, 2011**

Mayor Hileman called to order the regular meeting of the City of Romney Council, November 7, 2011 at 7:00 pm. He led the group in the pledge of allegiance, followed with prayer by Pastor Diciolla.

Roll Call:

Mayor Hileman	- present	Councilman Anderson	- present
Recorder Maphis	- present	Councilman Rinker	- present
City Adm. Johnson	- present	Councilman Morris	- present
City Clerk Colebank	- present	Councilman Hott	- present
Police Chief See	- present	Councilwoman Turner	- present
City Attorney Moreland	- absent	Councilman Diciolla	- present

Previous Minutes:

Morris moved to approve minutes after correcting one typo, seconded by Diciolla, motion carried.

Comments from Guests:

- a. Cindy Johnson – 250th update, bricks & calendars

Communications – copies in office

Committee Reports:

Ordinance	- Diciolla	- no report
Sanitation	- Hott	- no report
Streets	- Morris	- curb repaired on Rt. 50 & Bolton St.
Water	- Anderson	- no report
Finance	- Turner	- no report
Building	- Rinker	- no report
Parking Auth	- Rinker	- no report
Parks & Rec	- Morris	- update on pool/rec center/ hosted teen dance Friday evening at Bd of Education building
Tree Board	- Johnson	- no report
Police Dept.	- See	- (attachment #1)

Building Permits: (attachment #2)

Payment of Bills:

Anderson moved to pay bills, seconded by Rinker, motion carried

Overtime Report: (attachment #3)

Old Business:

- a. Parking program – no motions – discussion – parking changes

New Business:

- a. Ordinance #2011107 – Generator Project Water Plant, John Stump, Steptoe & Johnson, Bond Council for City of Romney. Mr. Stump reviewed ordinance as to readings – 1st reading on 11/07/11, 2nd reading on 12/05/11, 3rd reading and public hearing on 1/09/12. Mr. Stump read ordinance #2011107 as first reading in title only. Adoption of this ordinance will authorize a loan of \$710,000 which is in excess of the actual \$510,000 committed for flexibility in borrowing in the event of a bid overseen. Mayor Hileman called for motion to approve as 1st reading in title only. Anderson moved to approve as 1st reading in title only, seconded by Morris, motion carried. ✓

**CITY OF ROMNEY
ROMNEY, WEST VIRGINIA
REGULAR COUNCIL MEETING
NOVEMBER 7, 2011**

- b. Mr. Hardy – Veterans Day Parade – November 12, 2011, request approval from council to use Rt. 50 as parade route – lengthy discussion. Mayor Hileman called for motion on approval of parade route, Anderson moved to approve, seconded by Rinker, motion carried.
- c. Authorization to accept, adopt and participate in the Potomac Highlands Regional Hazard Mitigation presented to FEMA through the Region 8 PDC (attachment #4), Diciolla moved to accept and adopt resolution, seconded by Anderson, all council signed and voted yes.
- d. Resolution (attachment #5), authorization for listing on the Hampshire County Website hub, Morris moved to authorize listing, seconded by Turner, all council signed and voted yes.
- e. Resolution – SRTS grant funds (attachment #6), Rinker so moved, seconded by Diciolla, all council signed and voted yes.
- f. Resolution (attachment #7), authorize Mayor Hileman to accept voluntary resignation of Officer/Sergeant Gunther Hinz from the Romney Police Dept. effective January 15, 2012, Rinker moved to accept resignation of Hinz, seconded by Turner, all council signed and voted yes.

Ex-session 7:57 pm

Resume business meeting 8:23pm

No business conducted during ex-session

- g. Resolution to receive and replace (1) full time position in the Maintenance Dept. as mechanic/laborer (attachment #8), Anderson moved to approve resolution, seconded by Rinker, all council signed and voted yes, motion carried.
- h. Resolution – authorization to enter into a Professional Fee for Legal Services Agreement (attachment #9), Diciolla moved to adopt resolution, seconded by Morris, all council signed and voted yes, motion carried.

Mayor/City Administrator Report:

Johnson attempted to report on issues (noisy).

Sewer – Indian Hghts – possible expansion

Water – Filter valves need replaced, estimated cost \$24,950., requested Mayor call for motion to approve resolution upon approval of November minutes, Rinker moved to approve request, seconded by Diciolla, motion carried.

Salvage project – Generated \$2,306.13

Annual event each year – Employee Recognition Ceremony – Dec. 2, 2011 at South Branch Inn, council, mayor and recorder \$15.00 each toward this event to cover cost of paper products, etc.

Mayor reported he will visit homeless veterans in Martinsburg, WV Tuesday, Nov. 8 for lunch.

Meeting adjourned at 8:35pm

Daniel O. Hileman, Mayor

Iliff Maphis, Recorder

**CITY OF ROMNEY
ROMNEY, WEST VIRGINIA
REGULAR COUNCIL MEETING
DECEMBER 5, 2011**

Mayor Hileman called to order the December 5, 2011 City of Romney Council meeting at 7:00 pm. He led the group in the pledge of allegiance followed with prayer by Diciolla.

Roll Call:

Mayor Hileman	- present	Councilman Diciolla	- present
Recorder Maphis	- present	Councilman Anderson	- absent
Adm. Johnson	- present	Councilman Rinker	- present
City Clerk Colebank	- present	Councilman Morris	- present
City Att. Moreland	- present	Councilman Hott	- present
Police Chief See	- present	Councilwoman Turner	- absent

Previous Minutes:

Having a quorum, Mayor Hileman called for action on minutes of 11/7/11, Diciolla moved to approve minutes, seconded by Rinker, motion carried.

Comments from Guests:

Mayor Hileman introduced Delegate Ruth Rowan, who presented delegates from the RVFD a certificate for a reimbursable grant award of \$5,000.

Delegate Rowan presented Mayor Hileman with a certificate for ON-TRAC Program for a reimbursable grant award of \$1,000.

Communications: (for review in office)

Committee Reports:

Ordinance	- Diciolla	- no report
Sanitation	- Hott	- no report
Streets	- Morris	- no report
Water	- Anderson	- absent
Finance	- Turner	- absent
Buildings	- Rinker	- no report
Parking Auth	- Rinker	- Free parking meters Dec. 12, 2011 thru Jan. 2, 2012, Monday & Friday only.
Parks & Rec	- Morris	- County Commission voted to give \$5,000 to pay bills. This will carry P&R through the winter. Morris plans to meet with county parks & rec., hoping to combine City P&R with County P&R.
Tree Board	- Johnson	- no report
Police Dept.	- See	- (attachment #1)
Romney 250 th	- C. Johnson	- absent, E. Johnson reported first of year finance plan.

Building Permits: (attachment #2)

Payment of Bills: Rinker made a motion to pay the bills, seconded by Diciolla, motion carried.

Overtime Report: (attachment #3)

Old Business: none

**CITY OF ROMNEY
ROMNEY, WEST VIRGINIA
REGULAR COUNCIL MEETING
DECEMBER 5, 2011**

New Business:

- a. Ordinance No. 2011107, 2nd reading – Water Revenue Bonds, Series 2012A, Mayor Hileman read the ordinance in title only. He called for motion to approve as 2nd reading in title only, Rinker moved to approve, seconded by Diciolla, motion carried. ✓
- b. Resolution – Authorization for full execution of the Governor's Community Participation in grant program. Grant contract between the WV Development office and the City of Romney on behalf of the Romney Fire Company – Grant Project No. 11LEDA0457 for \$5,000.00 (attachment #4). Councilman Diciolla moved to approve, seconded by Morris, all council signed and voted yes.
- c. Resolution – Authorization for full execution of the Governor's Community Participation Grant Program grant contract between the WV Development office and the City of Romney on behalf of the Romney ON-TRAC Program No. 11LEDA0465 for \$1,000.00 – Sunflower Fest. Morris moved to authorize grant contract, seconded by Hott, all council signed and voted yes (attachment #5).
- d. Resolution – Authorization for payment of pay requisition #1 for engineering and professional services as related to the City of Romney Wastewater Treatment Plant upgrade – Phase 2 (attachment #6), Rinker moved to approve resolution, seconded by Diciolla, all council signed and voted yes.
- e. Open discussion for amending Ordinance No. 44, written and passed October 2, 1950, regarding use of firearms – bow and/or cross bow within municipal limits. Attorney Moreland will review and recommend.

Mayor and Administrator Report:

Mayor reviewed Employee Recognition Event.

City Adm. Johnson

- a. Daskal tree limb project
- b. Generator project – taken to bid – Thrasher Engineering
- c. Ad – Maint Dept. FT position – 25 responding – 5 mechanics
- d. Wastewater – Indian Hghts – water and sewer
- e. Salvage income – Maintenance Dept. - \$744.00, Wastewater - \$754.50, Water Dept. - \$807.63, these amounts goes back into department accounts.
- f. Two trucks yet to go – no takers as yet
- g. Flex-E Grant complete (Co-op Building)
- h. HAVAC project complete
- i. Letter of intent – Street Project (SRTS)

Executive Session – 7:45 pm

Resume business meeting at 7:57 pm – no business/no motions during executive session.

Meeting adjourned at 7:58 pm

Daniel O. Hileman, Mayor

Iliff Maphis, Recorder

**CITY OF ROMNEY
ROMNEY, WEST VIRGINIA
REGULAR COUNCIL MEETING
JANUARY 9, 2012**

Mayor Hileman called to order the January 9, 2012 City of Romney Council meeting at 7:05 pm and led the group in the pledge of allegiance followed with prayer by Diciolla.

Roll Call:

Mayor Hileman	- present	Councilwoman Turner	- present
Recorder Maphis	- present	Councilman Anderson	- absent
City Adm. Johnson	- present	Councilman Rinker	- absent
City Clerk Colebank	- present	Councilman Morris	- present
Chief See	- present	Councilman Hott	- present
City Attorney Moreland	- present	Councilman Diciolla	- present

Having a quorum, Mayor Hileman called for action on minutes of 12/05/11, Diciolla moved to approve minutes, seconded by Morris, motion carried.

Comments from Guests: None

Communications: (see business office)

Committee Reports:

Ordinance	- Diciolla	- no report
Sanitation	- Hott	- no report
Streets	- Morris	- no report
Finance	- Turner	- no report
Building	- Rinker	- no report
Parking Auth	- Rinker	- no report
Parks & Rec	- Morris	- County P&R meeting 1/19/12 at 7:00 pm
Tree Board	- Johnson	- no report
Police Dept.	- See	- (attachment #1)

Building Permit: (attachment #2)

Payment of Bills: Turner moved to pay bills, seconded Hott, motion carried.

Overtime Report: (attachment #3) – Johnson reviewed O.T.

Old Business: Defer to ex-session (Atty. Moreland).

**CITY OF ROMNEY
ROMNEY, WEST VIRGINIA
REGULAR COUNCIL MEETING
JANUARY 9, 2012**

New Business:

- a. Ordinance No. 2011107 – Public Hearing – Water Revenue Bonds Series 2012A. (Public Hearing 5:00 pm – 7:00 pm, no one attended) ✓

John Stump with Steptoe & Johnson – reviewed ordinance next to last step – final step is supplemental resolution upon closing date. This is the 3rd & final reading. Mayor called for motion to approve the ordinance and authorize him to place his signature on documents. Diciolla moved to approve ordinance, seconded by Morris, motion carried. ✓

Pam _____ - guest, parking ticket – acting chair Diciolla, due to Christmas decorations on meter caused confusion – dismiss ticket.

- b. Resolution – proposed changes to the parking program. Effective July 1, 2012, Diciolla made a motion per contract with county and RVFD – offer meters for sale, continue with two part time attendants, continue with present meter rates, city no longer lease lots, will not monitor any meters other than city street meters, separate meters and street light account, seconded by Hott, motion carried. (County & Fire Co. have been notified of this decision), (attachment #4).
- c. Resolution: authorization to award construction and installation of the Secondary Power System for the Romney Water Treatment Plant to M. C. Dean as recommended by Thrasher, Inc. (TEI). Morris moved to approve resolution, seconded by Turner, all council signed and voted yes. (attachment #5)
- d. Resolution: authorization to upgrade primary municipal copier through Landis Office Center, Inc., 63 month lease - \$80.00 per month savings. Diciolla moved to approve resolution, seconded by Hott, all council signed and voted yes (attachment #6).
- e. Resolution: authorization for payment of pay requisition #2 for engineering & professional services for City of Romney Wastewater Treatment Plant upgrade Phase 2 design, Morris moved to approve resolution, seconded by Hott, all council signed and voted yes (attachment #7).

Mayor & City Administrator Comments:

- a. Morris questioned property for WWTP, per Mayor, direction currently Industrial Park area, Johnson spoke on this issue.
- b. Mayor – activate Building Commission – to be appointed by Council – going off Hoy Shingleton and Larry McCauley. Acting members are Keith Lambert, John Childs and Lisa Hileman. Eileen Johnson “please get info to Mayor before February meeting”.
- c. Mayor Hileman presented Recorder Maphis with a certificate for 28 years service.
- d. Eileen Johnson – grant activity – possible street repair – on hold SRTS.
- e. Recruiting – 1st and 2nd interviews – will present candidate at February meeting.

CITY OF ROMNEY
ROMNEY, WEST VIRGINIA
REGULAR COUNCIL MEETING
JANUARY 9, 2012

Ex-Session – 7:48 pm

Resume business meeting at 8:15 pm

No motion during ex-session.

Mayor Hileman called for motion to hire Lisa Shoemaker as new police officer at an hourly rate of \$13.00, after Academy \$14.00 per hour, effective _____.

Diciolla moved to approve hire of Shoemaker, seconded by Hott, motion carried.

Fee for service agreement with Cathe Moreland, motion to authorize Mayor to sign agreement with Attorney Moreland, Hott moved to approve, seconded by Morris, motion carried.

Mayor called for motion on increase of \$.50 per hour for Dan Oates, not a promotion, effective 1/15/2012, Morris moved to approve, seconded by Hott, motion carried.

Adjourned at 8:20 pm

Attachment #1

RESOLUTION

At regular session of The City of Romney, held on 12/05/11 the following order was made and entered:

SUBJECT:

Authorization for payment of Pay Requisition #1 as related to the City of Romney Wastewater Treatment Plant Project Upgrade - Phase 2; Project No. 101-020-1049. Payment in the amount of \$60,000 is requested by Thrasher Engineering, Inc. for professional services rendered during the study and report phase of project design. Funds in the amount of \$60,000. will be used to pay Thrasher Engineering, Inc. for completed services per invoice number 1049911.

RESOLUTION:

The subject to the approval of the Governing Body of The City of Romney said municipal council does hereby direct the amount of \$60,000 to be paid per contract terms.

The adoption of the foregoing resolution having been moved by:

Runkle

and duly seconded by:

DeWaller

the vote thereon was as follows:

SIGNATURE

VOTE (YES OR NO)

James M. Runkle

Yes

James M. DeWaller

Yes

Paul S. DeWaller

Yes

James Runkle

yes

attch #5

RESOLUTION

At regular session of The City of Romney, held on 01/09/2012 the following order was made and entered:

SUBJECT:

Authorization by the Governing Body to award the construction and installation of the Secondary Power System for the Romney Water Treatment Plant to M.C. Dean as recommended by Thrasher Engineering, Inc. (TEI), upon their completed review of qualifications and references.

RESOLUTION:

The subject to the approval of the Governing Body of The City of Romney said municipal council does hereby authorize award of project to M.C. Dean.

The adoption of the foregoing resolution having been moved by:

Mayor

and duly seconded by:

Turner

the vote thereon was as follows:

SIGNATURE

Joseph M. Turner

Yes VOTE (YES OR NO)

William J. Wood

Yes

Michael J. Hanna

Yes

Ronald S. Ciccioli

Yes

WEREUPON, the Mayor has declared said resolution duly adopted, and it is therefore ADJUDGED and ORDERED that the said resolution be, and the same is, hereby adopted as so stated above.

RESOLUTION

At regular session of The City of Romney, held on March 5, 2012 the following order was made and entered:

SUBJECT: Authorization from Governing Body of the City of Romney to consider and approve the proposed Draw Resolution for the payment of invoices from the Water Revenue Bonds, Series 2012 A as related to Project USDA-RD Secondary power System/generator.

RESOLUTION: The subject to the approval of the Governing Body of The City of Romney said municipal council does hereby authorize action as so stated in subject.

The adoption of the foregoing resolution having been moved by: Morris

and duly seconded by: Daciolla

the vote thereon was as follows:

SIGNATURE	VOTE (YES OR NO)
<u>Henry Morris</u>	<u>Yes</u>
<u>William A. James</u>	<u>Yes</u>
<u>Ronald D. Daciolla</u>	<u>Yes</u>
<u>Frank R. Auburn</u>	<u>Yes</u>
<u>James Hinder</u>	<u>Yes</u>
_____	_____

WEREUPON, the Mayor has declared said resolution duly adopted, and it is therefore ADJUDGED and ORDERED that the said resolution be, and the same is, hereby adopted as so stated above.

Daniel O. Hileman
Mayor Daniel O. Hileman

March 5, 2012
Date

Ilif Maphis
Recorder Ilif Maphis

March 5, 2012
Date

RESOLUTION

At regular session of The City of Romney, held on March 5, 2012 the following order was made and entered:

SUBJECT: Authorization from Governing Body of the City of Romney to consider and approve the proposed Supplemental Resolution providing for the issuance of its Water Bonds, Series 2012 A (the "Bonds") as related to Project USDA-RD Secondary power System/generator.

RESOLUTION: The subject to the approval of the Governing Body of The City of Romney said municipal council does hereby authorize action as so stated in subject.

The adoption of the foregoing resolution having been moved by: Diciolla

and duly seconded by: Morris

the vote thereon was as follows:

SIGNATURE	VOTE (YES OR NO)
<u>Dennis Morris</u>	<u>Yes</u>
<u>Michelle A. James</u>	<u>Yes</u>
<u>Ronald J. Diciolla</u>	<u>Yes</u>
<u>[Signature]</u>	<u>Yes</u>
<u>James Hinker</u>	<u>Yes</u>
_____	_____

WEREUPON, the Mayor has declared said resolution duly adopted, and it is therefore ADJUDGED and ORDERED that the said resolution be, and the same is, hereby adopted as so stated above.

Daniel O. Hileman
Mayor Daniel O. Hileman

March 5, 2012
Date

Ilif Maphis
Recorder Ilif Maphis

March 5, 2012
Date

attach # 1

RESOLUTION

At the Special Session of The City of Romney, held on October 17, 2007 the following order was made and entered:

SUBJECT: Authorization from Governing Body of the City of Romney to direct Mayor William E Hicks to sign the Engineering Service Agreement with Thrasher Engineering, Inc. as related to the Romney Water Treatment Plant Emergency Power Project.

RESOLUTION: The subject to the approval of the Governing Body of The City of Romney said municipal council does hereby authorize Mayor William E. Hicks to act in accordance as stated in subject.

The adoption of the foregoing resolution having been moved by:

Bob Chilling

and duly seconded by:

Dan Heleman

the vote thereon was as follows:

SIGNATURE	VOTE (YES OR NO)
<u>David M. ...</u>	<u>Yes</u>
<u>Anna M. ...</u>	<u>YES</u>
<u>...</u>	<u>Yes</u>

WEREUPON, the Mayor has declared said resolution duly adopted, and it is therefore ADJUDGED and ORDERED that the said resolution be, and the same is, hereby adopted as so stated above.

1207 Quarrier Street
 Suite 401
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 16-Mar-12

ISSUE: Town of Romney
Water Revenue Bonds, Series 2012 A (United States Department of Agriculture)

ADDRESS: 340 E. Main Street, Romney, West Virginia 26757 COUNTY: Hampshire

PURPOSE OF ISSUE:

New Money: x
 Refunding: _____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 16-Mar-12

CLOSING DATE: 16-Mar-12

ISSUE AMOUNT: \$510,000

RATE: 2.250%

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE NA

1ST DEBT SERVICE AMOUNT NA

PAYING AGENT: Issuer

BOND COUNSEL:

Firm: Stephoe & Johnson PLLC
 Contact John Stump, Esquire
 Phone: (304) 353.8196

UNDERWRITERS COUNSEL

Firm: _____
 Contact: _____
 Phone: _____

CLOSING BANK:

Bank: _____
 Contact: _____
 Phone: _____

ESCROW TRUSTEE:

Firm: _____
 Contact: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact: Eileen Johnson
 Position: City Manager
 Phone: 304.822.5118

OTHER:

Agency: United States Department of Agriculture
 Contact: Anna Marie Collis
 Position: Rural Development Specialist
 Phone: 304.263.7547

DEPOSITS TO MBC AT CLOSE

By: _____	Wire _____	Accrued Interest: _____	\$ _____
_____	Check _____	Capitalized Interest: _____	\$ _____
_____	_____	Reserve Account: _____	\$ _____
_____	_____	Other: _____	\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____	Wire _____	To Escrow Trustee _____	\$ _____
_____	Check _____	To Issuer _____	\$ _____
_____	IGT _____	To Cons. Invest. Fund _____	\$ _____
_____	_____	To Other: _____	\$ _____

NOTES: Monthly debt service payments will be made directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2012 A Bonds Reserve Account. Payments into the Series 2012 A Bonds Reserve Account will commence 24 months following the date hereof.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____
 TRANSFERS REQUIRED: _____

1207 Quarrier Street
 Suite 401
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 16-Mar-12

ISSUE: <u>Town of Romney</u>	
<u>Water Revenue Bonds, Series 2012 B (United States Department of Agriculture)</u>	
ADDRESS: <u>340 E. Main Street, Romney, West Virginia 26757</u>	COUNTY: <u>Hampshire</u>
PURPOSE OF ISSUE:	
New Money: <u>x</u>	REFUNDS ISSUE(S) DATED: <u>NA</u>
Refunding: _____	
ISSUE DATE: <u>16-Mar-12</u>	CLOSING DATE: <u>16-Mar-12</u>
ISSUE AMOUNT: _____ \$51,000	RATE: <u>2.250%</u>
1ST DEBT SERVICE DUE: <u>NA</u>	1ST PRINCIPAL DUE <u>NA</u>
1ST DEBT SERVICE AMOUNT <u>NA</u>	PAYING AGENT: <u>Issuer</u>

BOND COUNSEL:	UNDERWRITERS COUNSEL
Firm: <u>Stephoe & Johnson PLLC</u>	Firm: _____
Contact <u>John Stump, Esquire</u>	Contact: _____
Phone: <u>(304) 353.8196</u>	Phone: _____
CLOSING BANK:	ESCROW TRUSTEE:
Bank: _____	Firm: _____
Contact: _____	Contact: _____
Phone: _____	Phone: _____
KNOWLEDGEABLE ISSUER CONTACT	OTHER:
Contact: <u>Eileen Johnson</u>	Agency: <u>United States Department of</u>
Position: <u>City Manager</u>	<u>Agriculture</u>
Phone: <u>304.822.5118</u>	Contact: <u>Anna Marie Collis</u>
	Position: <u>Rural Development Specialist</u>
	Phone: <u>304.263.7547</u>

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

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

NOTES: Monthly debt service payments will be made directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2012 B Bonds Reserve Account. Payments into the Series 2012 B Bonds Reserve Account will commence 24 months following the date hereof.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

TOWN OF ROMNEY

Water Revenue Bonds, Series 2012 A; and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

The undersigned duly authorized representative of FNB Bank, Romney, West Virginia (the "Bank"), hereby certify that on March 16, 2012, the Bank received an automated clearinghouse transfer in the amount of \$88,300 for the Series 2012 Bonds to the credit of the Project Construction Account (Account Number 0222068).

WITNESS my signature on this 16th day of March, 2012.

FNB BANK

By: 
Its: Authorized Officer

776910.00006

5806173

10-502
Permit

give Dan F
New

PWSID: WV3301405

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL AND WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2911

AUG 20 2009

PERMIT

PROJECT: (Water) Water Treatment Plant Secondary Power System THRASHER ENGINEERING, INC.
PERMIT NO.: 18,381

LOCATION: Romney **COUNTY:** Hampshire **DATE:** 8-18-2009

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

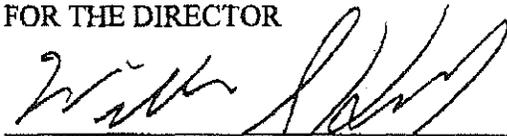
City of Romney
340 East Main Street
Romney, West Virginia 26757

is hereby granted approval to: install a secondary power system at the City of Romney water treatment plant with major components to consist of a 600 KW generator set; automatic transfer switch; distribution panel; boosting transformer; and all necessary manhole vaults, poles, electrical wirings, grounding cables, conduits, controls, connections and appurtenances.

The Environmental Engineering Division of the Kearneysville District Office, (304) 725-9453, 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:cls

pc: Thrasher Engineering, Inc.
James W. Ellars, P.E.
Amy Swann, PSC
Hampshire County Health Department
OEHS-EED Kearneysville District Office

Town of Romney

Budget

February 28, 2012

A. COST OF PROJECT	TOTAL	USDA Loan Series 2012 A	USDA Loan Series 2012 B
1 Construction	389,900.00	389,900.00	0.00
2 Construction Contingency	34,374.00	34,374.00	0.00
3 Technical Services [Thrasher]			
a Preliminary	12,500.00	10,500.00	2,000.00
b. Design	40,000.00	6,000.00	34,000.00
c Inspection/Post Construction Services	10,000.00	10,000.00	0.00
d Additional services	2,000.00	2,000.00	0.00
4 Lands & ROWs	500.00	500.00	0.00
5 Legal	11,300.00	11,300.00	0.00
6 Accounting	4,000.00	4,000.00	0.00
7 Administration	10,000.00	10,000.00	0.00
8 Conduit	7,200.00	7,200.00	0.00
9 WVDOT Inspection	250.00	250.00	0.00
10 Project Contingency	8,976.00	8,976.00	0.00
11 Sub Total (Lines 1 thru 10)	531,000.00	495,000.00	36,000.00
B. COST OF FINANCING			
12 Funded Reserve	0.00	0.00	0.00
13 Capitalized Interest	15,000.00	15,000.00	0.00
14 Registrar	0.00	0.00	0.00
15 Bond Counsel [S&J]	15,000.00	0.00	15,000.00
16 Cost of Financing (lines 12 through 15)	30,000.00	15,000.00	15,000.00
17 TOTAL PROJECT COST line 11 plus line 16	561,000.00	510,000.00	51,000.00
C. SOURCES OF OTHER FUNDS			
18 Federal Grants	0.00	0.00	0.00
19 State Grants	0.00	0.00	0.00
20 Other Grants	0.00	0.00	0.00
21 TOTAL GRANTS Lines 18 through 20	0.00	0.00	0.00
20 Size of Bond Issue (line 17 minus Line 21)	561,000.00	510,000.00	51,000.00



**STEP TOE &
JOHNSON**
P L L C
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 16, 2012

Re: Town of Romney
Water Revenue Bonds, Series 2012 A; and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)

DISBURSEMENTS TO TOWN:

Payor: United States Department of Agriculture
Source: Series 2012 A Bonds Proceeds
Amount: \$37,300
Form: ACH
Payee: Town of Romney
Bank: FNB Bank, 105 North High Street, Romney, WV 26757
Routing #: 052201938
Account #: 0222068
Contact: 304.822.8700
Account: Series 2012 Bonds Construction Trust Fund

Payor: United States Department of Agriculture
Source: Series 2012 B Bonds Proceeds
Amount: \$51,000
Form: ACH
Payee: Town of Romney
Bank: FNB Bank, 105 North High Street, Romney, WV 26757
Routing #: 052201938
Account #: 0222068
Contact: 304.822.8700
Account: Series 2012 Bonds Construction Trust Fund

776910.00006

5957538

**RESOLUTION OF THE
TOWN OF ROMNEY
APPROVING INVOICES RELATING TO SERVICES FOR THE PROPOSED WATER PROJECT
AND AUTHORIZING PAYMENT THEREOF,**

WHEREAS, the Town of Romney, has reviewed the invoices attached hereto and incorporated herein by reference relation to the Project funded by the United States department of Agriculture and find as follows:

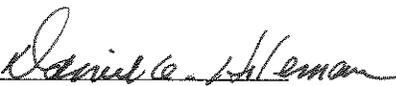
- a) That none of the items for which payment is proposed is also being paid from another source.
- b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.
- c) That each of such costs has been otherwise properly incurred.
- d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED Town of Romney by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

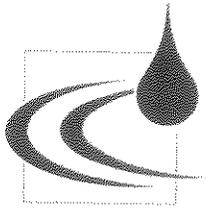
Vendor	Total	USDA (A)	USDA (B)
Thrasher	34,000.00	0.00	34,000.00
Steptoe & Johnson	15,000.00	0.00	15,000.00
Town	29,646.81	27,646.81	2,000.00
Royce Saville	5,623.36	5,623.36	0.00
Tim Michaels	4,000.00	4,000.00	0.00
TOTAL	88,270.17	37,270.17	51,000.00

ADOPTED BY the Town of Romney, at the meeting held on the 5th day of March 2012

Town of Romney

By: 

Its: Mayor



WEST VIRGINIA

Water Development Authority

Celebrating 36 Years of Service 1974 - 2012

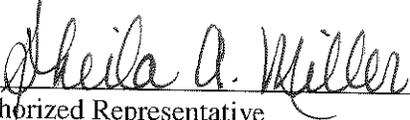
March 16, 2012

Town of Romney
Water Revenue Bonds, Series 2012 A; and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Huber Michaels and Company, the independent certified public accountant, and the opinion of Steptoe & Johnson PLLC, bond counsel, that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the Series 1997 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2012 A (United States Department of Agriculture), in the original aggregate principal amount of \$510,000 and Water Revenue Bonds, Series 2012 B (United States Department of Agriculture), in the original aggregate principal amount of \$51,000, by the Town of Romney (the "Issuer"), under the terms of the ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Water Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), dated August 25, 1997, issued in the original aggregate principal amount of \$1,424,038 (the "Series 1997 B Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY



Authorized Representative

776910.00006

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

March 16, 2012

Town of Romney
Water Revenue Bonds, Series 2012 A; and
Water Revenue Bonds, Series 2012 B
(United States Department of Agriculture)

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 Water Revenue Bonds, Series 2012 A (United States Department of Agriculture), in the original aggregate principal amount of \$510,000 and Water Revenue Bonds, Series 2012 B (United States Department of Agriculture), in the original aggregate principal amount of \$51,000, (collectively, the "Bonds"), by the Town of Romney (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 Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), dated August 25, 1997, issued in the original aggregate principal amount of \$2,900,000 (the "Prior Bonds") and (b) waives any requirements imposed by the Prior Bonds or the ordinance authorizing the Prior Bonds (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the Bonds or the Ordinance, and (c) consents to any amendments made to the Prior Ordinance by the Ordinance.

WITNESSETH my signature on this 16th day of March, 2012.



State Director

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CITY OF ROMNEY

**WATER REVENUE BONDS,
SERIES 1997 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)
AND SERIES 1997 B
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND ORDINANCE

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CITY OF ROMNEY

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE CITY OF ROMNEY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1997 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND NOT MORE THAN \$1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 1997 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF ROMNEY:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation"), is enacted pursuant to the provisions of Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of Romney (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Hampshire County of said State.

B. The Issuer presently owns and operates a public waterworks 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 waterworks system of the Issuer, consisting of a new treatment plant, a 500,000 gallon water storage tank and a new transmission line connecting the treatment plant and tank to the existing water distribution system, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks 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 estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than \$4,500,000 in two series, being the Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), in the aggregate principal amount of not more than \$3,000,000 (the "Series 1997 A Bonds") and the Water Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than \$1,500,000 (the "Series 1997 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in any Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1997 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined) and its Series 1997 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the Council (as hereinafter defined), in form satisfactory to the Issuer and the Authority, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are no outstanding bonds obligations or other indebtedness of the Issuer which will rank prior to or on a parity with the Bonds as to liens, pledge, source of and security for payment. The Series 1997 A Bonds and the Series 1997 B Bonds shall be issued on a parity with each other.

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

I. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Bonds are to be issued.

J. Pursuant to the Act, the Council (as hereinafter defined) has approved the Project and has authorized the Authority (as hereinafter defined) to make a loan to the Issuer from the West Virginia Infrastructure Fund.

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

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

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

"Act" means, collectively, Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1997 B 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 Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 1997 A Bonds and the Series 1997 B Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 1997 A Bonds for the proceeds or at least a de minimus portion thereof representing the purchase price of the Series 1997 A Bonds from the Purchaser and the Series 1997 B Bonds for the proceeds or at least a de minimus portion thereof representing the purchase price of the Series 1997 B Bonds from the Authority.

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

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

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

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

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

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

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

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

"Governing Body" means the council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the council as presently constituted.

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

"Grant" means any Grant received by the Issuer for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated May 25, 1995, and all amendments thereto.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1997 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in any Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 1997 B Bonds by the Issuer in the Supplemental Resolution.

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

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

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 1997 A Bonds.

"Qualified Investments" means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;
- (f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;
- (g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal

Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Bonds.

"Revenue Fund" means the Revenue Fund created by Section 5.01 hereof.

"Series 1997 A Bonds" means the not more than \$3,000,000 in aggregate principal amount of Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), of the Issuer, authorized by this Ordinance.

"Series 1997 A Bonds Construction Trust Fund" means the Series 1997 A Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 1997 A Bonds Reserve Account" means the Series 1997 A Bonds Reserve Account created by Section 5.01 hereof.

"Series 1997 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 1997 A Bonds in the then current or any succeeding year.

"Series 1997 B Bonds" means the not more than \$1,500,000 in aggregate principal amount of Water Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 1997 B Bonds Construction Trust Fund" means the Series 1997 B Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 1997 B Bonds Reserve Account" means the Series 1997 B Bonds Reserve Account created by Section 5.02 hereof.

"Series 1997 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1997 B Bonds in the then current or any succeeding year.

"Series 1997 B Bonds Sinking Fund" means the Series 1997 B Bonds Sinking Fund created by Section 5.02 hereof.

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, including any Reserve Accounts and the Renewal and Replacement Fund.

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

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$5,788,000, 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 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Purchaser and the Council.

The cost of the Project is estimated not to exceed \$5,788,000, of which approximately \$3,000,000 will be obtained from proceeds of the Series 1997 A Bonds, approximately \$1,500,000 will be obtained from proceeds of the Series 1997 B Bonds, approximately \$750,000 will be obtained from proceeds of a grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), and approximately \$538,000 will be obtained from proceeds of a grant from the Council.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Bonds, funding a reserve account for the Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1997 A Bonds and Series 1997 B Bonds of the Issuer. The Series 1997 A Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 1997 A (United States Department of Agriculture)", in the principal amount of not more than \$3,000,000, and the Series 1997 B Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 1997 B (West Virginia Infrastructure Fund)", in the principal amount of not more than \$1,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. A. The Series 1997 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 1997 A Bond.

B. The Series 1997 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1997 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1997 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1997 A Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser, with a record of advances attached representing the aggregate principal amount of the Series 1997 A Bonds, and the Series 1997 B Bonds shall initially be issued in the form of a

single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1997 B Bonds, all as provided in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any such 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. Bond Registrar; Authentication and Registration. A. The Issuer shall be the Bond Registrar with respect to the Series 1997 A Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 1997 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 1997 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 1997 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 1997 A 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 1997 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 1997 A Bonds shall be registered in the name of the United States of

America, the address of the United States of America for registration purposes shall be Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

B. The Bond Registrar with respect to the Series 1997 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 1997 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 1997 B Bonds shall be conclusive evidence that such Series 1997 B Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1997 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 1997 B Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the Series 1997 A Bonds, notwithstanding anything herein to the contrary.

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

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, all Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of

the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

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

Section 3.08. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all Series 1997 A Bonds and Series 1997 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System, on a parity with each other. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. A. With respect to the Series 1997 A Bonds, the Mayor is hereby authorized and directed to cause the Series 1997 A 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.

B. The Issuer shall execute and deliver the Series 1997 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1997 B Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 1997 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1997 B Bonds to the original purchasers;

(3) An executed and certified copy of the Bond Legislation;

(4) An executed copy of the Loan Agreement; and

(5) The unqualified approving opinion of bond counsel on the Series 1997 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 1997 A Bonds and the Series 1997 B Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 1997 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ROMNEY
WATER REVENUE BOND, SERIES 1997 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

Date: _____

FOR VALUE RECEIVED, the CITY OF ROMNEY (the "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 _____ DOLLARS (\$ _____), plus interest on the unpaid principal balance at the rate of ____% 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 the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$ _____, 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 additions, betterments and improvements to the waterworks system (the "System") of Borrower, is payable solely from the gross revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Ordinance. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the 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 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly adopted and enacted on _____, 199____, 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.

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 WATER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 1997, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____ (THE "SERIES 1997 B BONDS").

IN WITNESS WHEREOF, the City of Romney 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.

CITY OF ROMNEY
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Mayor
(Title of Executive Official)

260 School Street
(P.O. Box No. or Street Address)

Romney, West Virginia 26757
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Recorder
(Title of Attesting Official)

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____
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 Borrower with full power of substitution in the
premises.

Dated: _____, _____.

In presence of:

(FORM OF SERIES 1997 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ROMNEY
WATER REVENUE BOND, SERIES 1997 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ROMNEY, a municipal corporation and political subdivision of the State of West Virginia in Hampshire 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 _____ (\$_____), 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, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 199____.

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 waterworks 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 waterworks system of the Issuer, the Project, and any further additions, betterments or improvements

thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1997 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE "SERIES 1997 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 1997 A Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1997 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 1997 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1997 A Bonds; provided however, that so long as there exists in the Series 1997 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1997 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has

entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

IN WITNESS WHEREOF, the CITY OF ROMNEY has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 199____.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 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: _____, 1997.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. A. The Series 1997 A Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions.

B. The Series 1997 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Purchaser, the Council and the Authority a schedule in substantially the form of the "Amended Schedule B" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 1997 A Bonds Reserve Account;
- (4) Series 1997 A Bonds Construction Trust Fund; and
- (5) Series 1997 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with 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 1997 B Bonds Sinking Fund; and
- (2) Within the Series 1997 B Bonds Sinking Fund, the Series 1997 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

- (1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office designated in the Series 1997 A Bonds the amount required to pay interest on the Series 1997 A Bonds, and to amortize the principal of the Series 1997 A Bonds over the life of such

bond issue; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1997 B Bonds, remit to the Commission for deposit in the Series 1997 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, if not fully funded upon issuance of the Series 1997 A Bonds, remit to the Depository Bank for deposit in the Series 1997 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1997 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1997 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 1997 A Bonds Reserve Requirement; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1997 B Bonds, if not fully funded upon issuance of the Series 1997 B Bonds, remit to the Commission for deposit in the Series 1997 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1997 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1997 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1997 B Bonds Reserve Requirement.

(3) The Issuer shall next, each month, pay from the moneys in the Revenue Fund all current Operating Expenses of the System.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund an amount 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 moneys from the Renewal and Replacement Fund.

(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 may be used to prepay installments of the Bonds or for any lawful purpose of the System.

Moneys in the Series 1997 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1997 A Bonds as the same shall come due, when other moneys are insufficient therefor, and for no other purpose. Whenever the moneys in the Series 1997 A Bonds Reserve Account shall be sufficient to prepay the Series 1997 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 1997 A Bonds and accrued interest thereon to such prepayment date.

Moneys in the Series 1997 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1997 B Bonds as the same shall become due. Moneys in the Series 1997 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1997 B Bonds as the same shall come due, when other moneys in the Series 1997 B Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the moneys in the Series 1997 B Bonds Reserve Account shall be sufficient to prepay the Series 1997 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 1997 B Bonds and accrued interest thereon to such prepayment date.

All investment earnings on moneys in the Series 1997 B Bonds Sinking Fund and the Series 1997 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 1997 B Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 1997 B Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1997 A Bonds Reserve Account or the Series 1997 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 1997 A Bonds Reserve Requirement and the Series 1997 B

Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Gross Revenues available after all required payments have been made as set forth above.

As and when additional Bonds ranking on a parity with the Series 1997 A Bonds and the Series 1997 B Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1997 B Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account or the Series 1997 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1997 A Bonds and Series 1997 B Bonds in accordance with the respective principal amounts then Outstanding.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Series 1997 A Bonds Reserve Account and the Renewal and Replacement Fund as herein provided, and all amounts required for the Series 1997 A Bonds Reserve Account and the Renewal and Replacement Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written directions stating the amount remitted for deposit into each such fund.

The Issuer may designate another bank or trust company insured by FDIC as Depository Bank 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, the Council and the Authority.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1997 B Bonds Sinking Fund and the Series 1997 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by either the Authority or the Council at any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 1997 B Bonds Sinking Fund and the Series 1997 B Bonds Reserve Account shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required hereunder.

Moneys in the Series 1997 B Bonds Sinking Fund and the Series 1997 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1997 B Bonds Sinking Fund, including the Series 1997 B Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1997 B Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1997 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 1997 B Bonds, there shall be deposited with the Commission in the Series 1997 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution Account as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest, if any, on the Series 1997 B Bonds for the period commencing on the date of issuance of the Series 1997 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1997 A Bonds, there shall be deposited with the Depository Bank in the Series 1997 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1997 A Bonds Reserve Account, and from the proceeds of the Series 1997 B Bonds, there shall be deposited with the Commission in the Series 1997 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 1997 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Bonds, such moneys shall be deposited with the Depository Bank in the respective Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the respective Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of such funds set forth in the Bond Legislation. Moneys in the respective Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. Moneys in the Series 1997 A Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Series 1997 A Bonds Construction Trust Fund 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 1997 A Bonds if there are not sufficient Gross Revenues to make such monthly payment.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 1997 A Bonds Construction Trust Fund shall be disposed of in accordance with the regulations of the Purchaser.

B. With respect to the Series 1997 B Bonds Construction Trust Fund, the Issuer shall on or about the 15th day of each month provide the Council and the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1997 B Bonds Construction Trust Fund (except for the costs of issuance of the Bonds hereby authorized, which shall be made upon request of the Issuer) shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

(ii) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(iii) That each of such costs has been otherwise properly incurred; and

(iv) That payment for each of the items proposed is then due and owing.

All payments made from the Series 1997 B Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from such fund.

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 1997 B Bonds shall be used as directed in writing by the Council and the Authority.

Pending such application, moneys in the respective Bond 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 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Bonds or the interest thereon, if any, is Outstanding and unpaid.

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

Section 7.03. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 1997 A Bonds and the Series 1997 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System, on a parity with each other. The Gross Revenues in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance duly enacted by the Issuer on July 14, 1997, which rates and charges are hereby incorporated herein by reference as a part hereof.

Section 7.05. Sale of the System. So long as the Bonds are outstanding and except as otherwise required by law or with the written consent of the Purchaser, the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease the pledge created by this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1997 A Bonds, immediately be remitted to the National Finance Office designated in the Series 1997 A Bonds, and with respect to the Series 1997 B Bonds,

immediately be remitted to the Commission for deposit in the Series 1997 B Bonds Sinking Fund, and, with the written consent of the Purchaser, the Authority and the Council, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$50,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds derived from any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 but not in excess of \$200,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale shall be deposited in the Renewal and Replacement Fund.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior

and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Bonds, and must have the prior written consent of the Purchaser, the Authority and the Council.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The Net Revenues actually derived from the System during the 12-consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such

additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which has expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds 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 Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

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

Section 7.08. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Purchaser, the Authority and the Council or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Purchaser, the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Purchaser, the Authority and the Council or their agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the 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 Purchaser, the Council and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of the Bonds, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Bonds and shall submit said report to the Purchaser, the Authority and the Council, or any other original purchaser of the Bonds. Such audit report submitted to the Purchaser, the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the

Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event amounts equal to or in excess of the reserve requirements are on deposit in the respective Reserve Accounts and any reserve accounts for obligations prior to or on a parity with the Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Purchaser, the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such

increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Purchaser, the Authority and the Council, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy of such report to the Authority and the Council by the 15th day of each month.

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

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

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

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

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

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee 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 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Purchaser, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Purchaser, the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

(4) FLOOD INSURANCE, to be procured, to the extent available at reasonable cost to the Issuer; provided, however, if the Issuer is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

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

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission, if necessary, for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and shall by Supplemental Resolution approve such additional terms and conditions set forth in the Loan Agreement. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the Council with copies of all documents submitted to the Authority.

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

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

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

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

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

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

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

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be on a parity with each other.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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

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

Section 8.02. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excludable from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Bonds are issued does not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay from any lawful sources available therefor to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on either Series of the Bonds, it shall constitute an "Event of Default" with respect to the other Series of Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 1997 A Bonds and the Series 1997 B Bonds shall be on a parity with each other.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after

commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 1997 A Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holder of the Series 1997 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1997 A Bonds only, the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 1997 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 10.02. Payment of Series 1997 B Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holder of the Series 1997 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1997 B Bonds only, the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 1997 B Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

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

Section 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 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47).

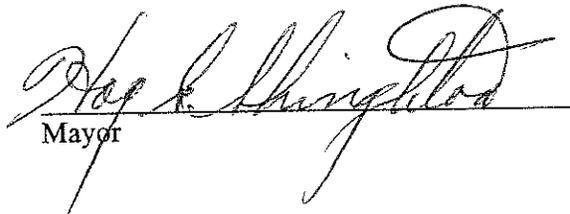
Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or

to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

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

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The Hampshire Review, a newspaper published and of general circulation in the City of Romney, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: - July 28, 1997
Passed on Second Reading: - August 4, 1997
Passed on Final Reading
Following Public
Hearing: - August 18, 1997



Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF ROMNEY on the 18th of August, 1997.

Dated: August 25, 1997.

[SEAL]

Recorder

Shirley Maphis

07/31/97
776910/95001

CITY OF ROMNEY

Water Revenue Bonds,
Series 1997 A (United States Department of Agriculture)
and Series 1997 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1997 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF ROMNEY; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO THE SERIES 1997 B BONDS; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 1997 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 1997 B 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 city council (the "Governing Body") of the City of Romney (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective August 18, 1997 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE CITY OF ROMNEY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1997 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND NOT MORE THAN \$1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE

BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE SERIES 1997 B 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 Water Revenue Bonds of the Issuer (collectively, the "Bonds"), to be issued in two series, being the Water Revenue Bonds, Series 1997 A (United States Department of Agriculture), in an aggregate principal amount of not more than \$3,000,000 (the "Series 1997 A Bonds"), and the Water Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), in an aggregate principal amount of not more than \$1,500,000 (the "Series 1997 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1997 B Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Series 1997 A 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, as amended, and the Series 1997 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF ROMNEY:

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

(A) Water Revenue Bonds, Series 1997 A (United States Department of Agriculture) of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of \$2,900,000. The Series 1997 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 5% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 1997 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$14,239 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 1997 A 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 1997 A 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 1997 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

(B) Water Revenue Bonds, Series 1997 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$1,424,038. The Series 1997 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2037, and shall bear no interest. The principal of the Series 1997 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1998, and ending June 1, 2037, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1997 B Bonds. Pursuant to "Schedule Z" attached to the Loan Agreement, the Series 1997 B Bonds shall be

subject to prepayment, commencing December 1, 1999, and on December 1 of each year thereafter, so long as the Series 1997 B Bonds are outstanding, but only from the sources set forth as follows:

On the date of issuance of the Series 1997 B Bonds, the Issuer shall certify to the Authority and the Council (a) the number of gallons of water sold to Central Hampshire Public Service District (the "District") from the System during the 12-month period ended June 30, 1997 (the "Original Amount"), and (b) the number of customers receiving water service from the Issuer (the "Base Customer List") as of such date. After completion of construction of the Project, as certified by the Consulting Engineer, the Issuer shall each year, as part of the Issuer's annual audit, require the Independent Certified Public Accountants to provide to the Authority and the Council a certification as of June 30 of each Fiscal Year, based on the audit, the prepayment amount. The prepayment amount shall be calculated as follows:

The sum of:

(a) The number of gallons of water sold by the Issuer to the District in such Fiscal Year in excess of the Original Amount multiplied by the debt service component of \$.00132; and

(b) The number of gallons of water sold by the Issuer to new connections above the Base Customer List that connected to the System after the date of completion of the Project multiplied by the debt service component of \$.00193.

If the prepayment amount is less than \$500, no prepayment is required. If the prepayment amount is equal to or exceeds \$500, such payment shall be remitted to the Commission on November 1 following the end of the Fiscal Year in which the prepayment amount was generated. The Issuer shall provide notice to the Commission, the Authority and the Council of the prepayment amount along with the audit and certification from the Independent Certified Public Accountants not less than 15 days prior to the prepayment date. The Commission shall remit such prepayment amount to the Authority on December 1 of the year of payment.

Notwithstanding anything herein to the contrary, this prepayment provision shall be subject to all payments required to be made into all funds and accounts set forth in Section 5.03 of the Bond Ordinance having been made in full.

Section 2. All other provisions relating to the Series 1997 A Bonds and the text of the Series 1997 A Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 3. All other provisions relating to the Series 1997 B Bonds and the text of the Series 1997 B Bonds shall be in substantially the form set forth in Exhibit A attached hereto.

Section 4. The Issuer does hereby ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the Application to the Council and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds will be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Series 1997 B Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Series 1997 B Bonds under the Bond Ordinance.

Section 7. The Issuer does hereby appoint and designate The First National Bank of Romney, Romney, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. All proceeds of the Series 1997 A Bonds shall be deposited in or credited to the Series 1997 A Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 1997 A Bonds. All proceeds of the Series 1997 B Bonds shall be deposited in or credited to the Series 1997 B Bonds Construction Trust Fund as received from the Council from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 1997 B Bonds. Proceeds in the respective Bond Construction Trust Funds shall be kept separate and apart from each other.

Section 9. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 1997 A Bonds may be delivered on or about August 25, 1997, to the Purchaser pursuant to the Letter of Conditions, and the Series 1997 B Bonds may be delivered on or about August 25, 1997, to the Authority pursuant to the Loan Agreement.

Section 10. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 11. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank, subject to any limitations of the Purchaser with respect of the proceeds of the Series 1997 A Bonds, in time accounts, secured by a pledge of Government Obligations, and therefore the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such time accounts until further directed in writing by the Issuer. Moneys in the Series 1997 B Bonds Sinking Fund, including the Series 1997 B Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 12. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated or to be promulgated thereunder.

Section 13. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than \$5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1997, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or,

to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 14. During construction of the Project, one-half of the excess revenues to be collected from the new water rates up to and including the sum of \$77,263.20, and after such sum has been deposited, all of such excess revenues shall be set aside in an escrow fund entitled "Contingency Fund" established at the Depository Bank and shall be used only to pay costs of construction of the Project approved by the Purchaser and the Council. After completion of construction of the Project, as certified by the Consulting Engineers, any moneys remaining in the Contingency Fund may be used for any lawful purpose of the System.

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

Adopted this 21st day of August, 1997.



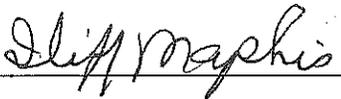
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the CITY OF ROMNEY on the 21st day of August, 1997.

Dated: August 25, 1997

[SEAL]



Recorder

08/15/97
776910/95001

(SPECIMEN SERIES 1997 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ROMNEY
WATER REVENUE BOND, SERIES 1997 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1

Date: August 25, 1997

FOR VALUE RECEIVED, the CITY OF ROMNEY (the "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 TWO MILLION NINE HUNDRED THOUSAND DOLLARS (\$2,900,000), 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 the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$14,239, 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 additions, betterments and improvements to the waterworks system (the "System") of Borrower, is payable solely from the gross revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Ordinance. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the 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 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly adopted and enacted on August 18, 1997, and a Supplemental Resolution of the Borrower duly adopted on August 21, 1997, authorizing issuance of this Bond (collectively, 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.

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 WATER REVENUE BONDS, SERIES 1997 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 25, 1997, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,424,038 (THE "SERIES 1997 B BONDS").

IN WITNESS WHEREOF, the City of Romney 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.

CITY OF ROMNEY

[CORPORATE SEAL]

Mayor

260 School Street
Romney, West Virginia 26757

ATTEST:

Recorder

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 \$

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to____

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 Borrower with full power of substitution in the
premises.

Dated: _____, _____.

In presence of:

(SPECIMEN SERIES 1997 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ROMNEY
WATER REVENUE BOND, SERIES 1997 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1

\$1,424,038

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ROMNEY, a municipal corporation and political subdivision of the State of West Virginia in Hampshire 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 FOUR HUNDRED TWENTY-FOUR THOUSAND THIRTY-EIGHT DOLLARS (\$1,424,038), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1998, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated August 25, 1997. In addition to such optional redemption, the Bonds shall be subject to mandatory redemption, in part, on the dates and in the amounts set forth in Section 1(B) of the Supplemental Resolution.

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 waterworks 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 waterworks system of the Issuer, the Project, and any further additions, betterments or improvements

thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on August 18, 1997, and a Supplemental Resolution duly adopted by the Issuer on August 21, 1997 (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 WATER REVENUE BONDS, SERIES 1997 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 25, 1997, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,900,000 (THE "SERIES 1997 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 1997 A Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1997 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 1997 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1997 A Bonds; provided however, that so long as there exists in the Series 1997 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1997 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered

owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

IN WITNESS WHEREOF, the CITY OF ROMNEY has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated August 25, 1997.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 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: August 25, 1997.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$20,293	8-25-97	(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

SCHEDULE OF ANNUAL DEBT SERVICE

City of Romney, West Virginia
Infrastructure Fund Loan of \$1,424,038
40 Years, 0% Interest

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1998	-	-	-
12/01/1998	9,187.35	-	9,187.35
3/01/1999	9,187.35	-	9,187.35
6/01/1999	9,187.35	-	9,187.35
9/01/1999	9,187.35	-	9,187.35
12/01/1999	9,187.35	-	9,187.35
3/01/2000	9,187.35	-	9,187.35
6/01/2000	9,187.35	-	9,187.35
9/01/2000	9,187.35	-	9,187.35
12/01/2000	9,187.35	-	9,187.35
3/01/2001	9,187.35	-	9,187.35
6/01/2001	9,187.35	-	9,187.35
9/01/2001	9,187.35	-	9,187.35
12/01/2001	9,187.35	-	9,187.35
3/01/2002	9,187.35	-	9,187.35
6/01/2002	9,187.35	-	9,187.35
9/01/2002	9,187.35	-	9,187.35
12/01/2002	9,187.35	-	9,187.35
3/01/2003	9,187.35	-	9,187.35
6/01/2003	9,187.35	-	9,187.35
9/01/2003	9,187.35	-	9,187.35
12/01/2003	9,187.35	-	9,187.35
3/01/2004	9,187.35	-	9,187.35
6/01/2004	9,187.35	-	9,187.35
9/01/2004	9,187.35	-	9,187.35
12/01/2004	9,187.35	-	9,187.35
3/01/2005	9,187.35	-	9,187.35
6/01/2005	9,187.35	-	9,187.35
9/01/2005	9,187.35	-	9,187.35
12/01/2005	9,187.35	-	9,187.35
3/01/2006	9,187.35	-	9,187.35
6/01/2006	9,187.34	-	9,187.34
9/01/2006	9,187.34	-	9,187.34
12/01/2006	9,187.34	-	9,187.34
3/01/2007	9,187.34	-	9,187.34
6/01/2007	9,187.34	-	9,187.34
9/01/2007	9,187.34	-	9,187.34
12/01/2007	9,187.34	-	9,187.34
3/01/2008	9,187.34	-	9,187.34
6/01/2008	9,187.34	-	9,187.34
9/01/2008	9,187.34	-	9,187.34
12/01/2008	9,187.34	-	9,187.34
3/01/2009	9,187.34	-	9,187.34
6/01/2009	9,187.34	-	9,187.34
9/01/2009	9,187.34	-	9,187.34

City of Romney, West Virginia
 Infrastructure Fund Loan of \$1,424,038
 40 Years, 0% Interest

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2009	9,187.34	-	9,187.34
3/01/2010	9,187.34	-	9,187.34
6/01/2010	9,187.34	-	9,187.34
9/01/2010	9,187.34	-	9,187.34
12/01/2010	9,187.34	-	9,187.34
3/01/2011	9,187.34	-	9,187.34
6/01/2011	9,187.34	-	9,187.34
9/01/2011	9,187.34	-	9,187.34
12/01/2011	9,187.34	-	9,187.34
3/01/2012	9,187.34	-	9,187.34
6/01/2012	9,187.34	-	9,187.34
9/01/2012	9,187.34	-	9,187.34
12/01/2012	9,187.34	-	9,187.34
3/01/2013	9,187.34	-	9,187.34
6/01/2013	9,187.34	-	9,187.34
9/01/2013	9,187.34	-	9,187.34
12/01/2013	9,187.34	-	9,187.34
3/01/2014	9,187.34	-	9,187.34
6/01/2014	9,187.34	-	9,187.34
9/01/2014	9,187.34	-	9,187.34
12/01/2014	9,187.34	-	9,187.34
3/01/2015	9,187.34	-	9,187.34
6/01/2015	9,187.34	-	9,187.34
9/01/2015	9,187.34	-	9,187.34
12/01/2015	9,187.34	-	9,187.34
3/01/2016	9,187.34	-	9,187.34
6/01/2016	9,187.34	-	9,187.34
9/01/2016	9,187.34	-	9,187.34
12/01/2016	9,187.34	-	9,187.34
3/01/2017	9,187.34	-	9,187.34
6/01/2017	9,187.34	-	9,187.34
9/01/2017	9,187.34	-	9,187.34
12/01/2017	9,187.34	-	9,187.34
3/01/2018	9,187.34	-	9,187.34
6/01/2018	9,187.34	-	9,187.34
9/01/2018	9,187.34	-	9,187.34
12/01/2018	9,187.34	-	9,187.34
3/01/2019	9,187.34	-	9,187.34
6/01/2019	9,187.34	-	9,187.34
9/01/2019	9,187.34	-	9,187.34
12/01/2019	9,187.34	-	9,187.34
3/01/2020	9,187.34	-	9,187.34
6/01/2020	9,187.34	-	9,187.34
9/01/2020	9,187.34	-	9,187.34
12/01/2020	9,187.34	-	9,187.34

City of Roanoke, West Virginia
 Infrastructure Fund Loan of \$1,424,038
 40 Years, 0% Interest

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2021	9,187.34	-	9,187.34
6/01/2021	9,187.34	-	9,187.34
9/01/2021	9,187.34	-	9,187.34
12/01/2021	9,187.34	-	9,187.34
3/01/2022	9,187.34	-	9,187.34
6/01/2022	9,187.34	-	9,187.34
9/01/2022	9,187.34	-	9,187.34
12/01/2022	9,187.34	-	9,187.34
3/01/2023	9,187.34	-	9,187.34
6/01/2023	9,187.34	-	9,187.34
9/01/2023	9,187.34	-	9,187.34
12/01/2023	9,187.34	-	9,187.34
3/01/2024	9,187.34	-	9,187.34
6/01/2024	9,187.34	-	9,187.34
9/01/2024	9,187.34	-	9,187.34
12/01/2024	9,187.34	-	9,187.34
3/01/2025	9,187.34	-	9,187.34
6/01/2025	9,187.34	-	9,187.34
9/01/2025	9,187.34	-	9,187.34
12/01/2025	9,187.34	-	9,187.34
3/01/2026	9,187.34	-	9,187.34
6/01/2026	9,187.34	-	9,187.34
9/01/2026	9,187.34	-	9,187.34
12/01/2026	9,187.34	-	9,187.34
3/01/2027	9,187.34	-	9,187.34
6/01/2027	9,187.34	-	9,187.34
9/01/2027	9,187.34	-	9,187.34
12/01/2027	9,187.34	-	9,187.34
3/01/2028	9,187.34	-	9,187.34
6/01/2028	9,187.34	-	9,187.34
9/01/2028	9,187.34	-	9,187.34
12/01/2028	9,187.34	-	9,187.34
3/01/2029	9,187.34	-	9,187.34
6/01/2029	9,187.34	-	9,187.34
9/01/2029	9,187.34	-	9,187.34
12/01/2029	9,187.34	-	9,187.34
3/01/2030	9,187.34	-	9,187.34
6/01/2030	9,187.34	-	9,187.34
9/01/2030	9,187.34	-	9,187.34
12/01/2030	9,187.34	-	9,187.34
3/01/2031	9,187.34	-	9,187.34
6/01/2031	9,187.34	-	9,187.34
9/01/2031	9,187.34	-	9,187.34
12/01/2031	9,187.34	-	9,187.34
3/01/2032	9,187.34	-	9,187.34

City of Romney, West Virginia
 Infrastructure Fund Loan of \$1,424,038
 40 Years, 0% Interest

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2032	9,187.34	-	9,187.34
9/01/2032	9,187.34	-	9,187.34
12/01/2032	9,187.34	-	9,187.34
3/01/2033	9,187.34	-	9,187.34
6/01/2033	9,187.34	-	9,187.34
9/01/2033	9,187.34	-	9,187.34
12/01/2033	9,187.34	-	9,187.34
3/01/2034	9,187.34	-	9,187.34
6/01/2034	9,187.34	-	9,187.34
9/01/2034	9,187.34	-	9,187.34
12/01/2034	9,187.34	-	9,187.34
3/01/2035	9,187.34	-	9,187.34
6/01/2035	9,187.34	-	9,187.34
9/01/2035	9,187.34	-	9,187.34
12/01/2035	9,187.34	-	9,187.34
3/01/2036	9,187.34	-	9,187.34
6/01/2036	9,187.34	-	9,187.34
9/01/2036	9,187.34	-	9,187.34
12/01/2036	9,187.34	-	9,187.34
3/01/2037	9,187.34	-	9,187.34
6/01/2037	9,187.34	-	9,187.34
TOTAL	1,424,038.00	-	1,424,038.00

YIELD STATISTICS

Bond Year Dollars.....	\$27,768.74
Average Life.....	19.500 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	0.0000000x
Bond Yield for Arbitrage Purposes.....	0.0000000x
All Inclusive Cost (AIC).....	0.0000000x
 IRS FORM 8038	
Net Interest Cost.....	-
Weighted Average Maturity.....	19.500 Years

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:
