

\$156,705
TOWN OF SOPHIA, WEST VIRGINIA
SEWER REVENUE BONDS
SERIES 1995

DISTRIBUTION LIST

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TRANSCRIPT LIST

\$156,705
Town of Sophia, West Virginia
Sewer Revenue Bonds,
Series 1995

Closing: July 24, 1995

A. BASIC

1. Certified Copy of Raleigh County Circuit Court Order creating the Town of Sophia, West Virginia (the "Issuer").
2. Ordinance creating Sanitary Board of the Issuer enacted by the Issuer's Town Council on October 10, 1950.
3. Oaths of office of Mayor, Recorder, Town Council members and Sanitary Board members.
4. Sanitary Board Petition to Town Council requesting issuance of Bonds authorized on July 10, 1995.
5. Minutes of Meeting of Sanitary Board with respect to Petition.
6. Certified Copy of Ordinance of the Issuer adopted on July 20, 1995.
7. Minutes of Meetings of Town Council on First and Second Readings and Public Hearings with respect to Ordinance.
8. Notices of Ordinance and Affidavits of Publication.
9. Loan Agreement between West Virginia Water Development Authority and the Issuer.
10. Rules of Procedure or Sunshine Act Resolution.
11. Copy of Rate Ordinance/Tariff and Affidavit of Publication.
12. Order Granting a Certificate of Public Convenience and Necessity.
13. Grant Agreement from West Virginia Development Office to the Issuer.

B. CERTIFICATES AND RECEIPTS

14. General Certificate signed by the Mayor, Recorder and Attorney of the Issuer.
15. Non-Arbitrage Certificate of the Issuer.
16. Certificate of Consulting Engineer.

17. Certificate of Certified Public Accountant.
18. Registrar's Agreement between the Issuer and Registrar.
19. Acceptance of Duties of Depository Bank.
20. Acceptance of Duties of Registrar.
21. Request and Authorization as to Authentication and Delivery of the Bonds.
22. Certificate of Registration of Bonds.
23. Cross-Receipt for Bonds and Bond Proceeds.
24. Notice of Delivery of Bonds.
25. NPDES Permit (cover page).
26. Copy of Form 8038-G filed with Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

C. LEGAL OPINIONS

27. (a) Opinion of Goodwin & Goodwin, Bond Counsel.
(b) Non-Arbitrage Opinion of Goodwin & Goodwin.
28. Opinion of Ziegler, Gunnoe & Kemp, Counsel for Issuer.

D. MISCELLANEOUS

29. Infrastructure Council Exemption Letter.
30. Municipal Bond Commission New Issue Report Form.
31. Form of Bond.
32. Certified Copy of Statutory Authority.

The closing of the sale of \$156,705 in aggregate principal amount of Town of Sophia, Sewer Revenue Bonds, Series 1995, will take place at the office of the West Virginia Water Development Authority, 1201 Dunbar Avenue, Dunbar, West Virginia, at 10:00 a.m., Eastern Time, on July 24, 1995. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered. Any document which references an Exhibit or Schedule to be attached thereto shall be considered completed and attached if the referenced Exhibit or Schedule appears elsewhere in this Transcript.



TOWN OF SOPHIA.

This day Daniel Polk, J. T. Stephens, John Hunt and Albert Hodge presented their application to the Circuit Court of said County for the incorporation of the hereinafter described territory into the town to be known as the Town of Sophia, and the Clerk of this Court is hereby directed to issue a certificate of incorporation, which said certificate shall be in form and substance following: "A certificate under oath of M. D. Hawley, H. D. Ballard, and W. J. Lovell, was this day filed showing that a majority of all the voters residing in the following boundary, to-wit:

BEGINNING at the eight notched chestnut, a celebrated tree standing in the Moore and Beckley line, and a corner to the DeWitt-Clinton 130000-acre survey, thence with the latter, S. 70° 30' W 1484 feet to a large chestnut oak on the top of a large knob; thence S. 85° 00' W. 2600 feet to an old chestnut stump and black oak, a corner to Daniel Polk; thence N. 7° 45' E. 2620 feet to a stake corner of said Polk; N. 73° 10' E. 2020 feet to two white oaks down and a maple; thence leaving said Polk N. 7° E. 180 feet to two sourwoods, a corner to the H.M. Riffe tract; thence through the said H. M. Riffe tract and the John Hawley tract due East 2300 feet to a stake in the Moore and Beckley patent line; thence with said patent line S. 14° 45' W. 1475 feet to a stake in Soak Creek; thence down said creek as it meanders S. 75° E. 137 feet; S. 44° E. 171 feet; S. 73° 30' E. 171 feet; S. 52° E 339 feet; thence S. 59° E. 329 feet to a stake opposite a chestnut stump on the south side of Soak Creek; thence leaving said creek and crossing the Virginian Railway S. 41° W. 986 feet to dogwood and chestnut oak pointer on the point of a ridge; thence N. 74° 30' W. 635 feet to the beginning, containing 302 acres."

Having been given in due form of law in favor of the incorporation of the Town of Sophia in the County of Raleigh and bounded as herein set forth. And it appearing to the satisfaction of the Court that all of the provisions of Chapter 47 of the Code of West Virginia has been complied with by the applicants for said incorporation, and said town is duly authorized, within the corporate limits aforesaid, to exercise all the corporate powers conferred by the said Chapter from and after the date of this certificate.

The Court hereby appoints M. D. Hawley, W. J. Lovell, and who shall act as commissioners of election at the first election D. H. Ballard, three voters residing within said territory, to be held in said town.

This order having been directed on the 26th day of this month but having been omitted, is entered now for then.

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The following is a true copy of an order entered in this office on the 25th August 1912 of

Janice B. Davis
 JANICE B. DAVIS, Circuit Clerk of
 Raleigh County, West Virginia

At a general meeting of the Common Council of the Town of Sophia, held at the Town Hall in said town on the 11th day of July, 1935, the following ordinances are adopted, ratified and confirmed:

BE IT ORDAINED BY THE COMMON COUNCIL OF THE TOWN OF SOPHIA AS FOLLOWS:

Section 1: Town Charter and Seal:

That the charter of the Town of Sophia be, and the same is hereby adopted and that the impression of the seal imprinted hereon be, and the same is, hereby adopted as and for the seal of the Town of Sophia.

Section 2: Ordinances by Chapters:

The ordinances for the Town of Sophia shall be divided into two chapters, as follows:

- Chapter 1: Relative to - Charter, Seal, Officers, etc.
- Chapter 2: General advances - Penal and Taxation.

CHAPTER I - MUNICIPAL OFFICERS:

Section 1. The municipal authorities of the Town of Sophia shall be a mayor, recorder and five councilmen, who together shall form a common council and whose term of office shall be for the term and period of two years, commencing on the first day of July in every even numbered year and until their successors are elected and qualified according to law, unless such officers are sooner removed by death, resignation or otherwise.

Section 2: Officers, elective and by appointment:

There shall be a town sergeant, an assessor and a superintendent of roads, streets and alleys, appointed by the common council, to continue in office during its pleasure and perform the duties respectively as prescribed by Chapter 47 of Barnes' Code, West Virginia, 1923, or as may lawfully be required by the council. The sergeant shall be ex-officio treasurer of said Town of Sophia.

Section 3: Election of Officers:

The election of officers for the Town of Sophia shall be held, and such officers shall be elected on every first Tuesday in the month of June, at such place in the Town of Sophia, and under such supervision, rules and regulations not inconsistent with the laws regulating district elections as the council may prescribe.

Section 4: Conventions - Official Ballot:

The nomination of candidates for all elective offices for the Town of Sophia shall be made by municipal party conventions and certified to the recorder on or before the third Monday in May. In addition to the certified list of candidates, municipal parties in convention shall certify to the common council the conventions choice and endorsement of an election commissioner and an election clerk and said certificate shall be signed by the chairman and secretary of the municipal convention. The common council shall receive all certificates of nomination from municipal parties and cause an official ballot to be made therefrom to be used in the official town election.

Section 5: Election officials:

Election officials for the Town of Sophia shall consist of three commissioners and two clerks. The common council shall elect one election commissioner. One election commissioner and one election clerk each shall be appointed by the Common Council, who have the endorsement of the two major municipal parties and who have been endorsed by such party conventions.

Section 6: Registration:

Voting in the official election for the Town of Sophia shall be by registration unless the Common Council, for reasons of economy or correctness of existing registration, may authorize and order an election to be held without the current registration. A registrar each from the two major municipal political parties shall be appointed by the common council. Each of said registrars shall receive as compensation for their services under this ordinance the sum of two and one-half (2-1/2) cents for each.

name so registered by them, to be allowed by the Common Council, payable out of the Town treasury. At the Council's last regular meeting in the month of May there shall be a resolution adopted by the Council providing final date for correcting registration and further providing for all necessary details for holding the regular town election in accordance with the state election laws and the ordinances of the Town of Sophia not consistent therewith.

Section 7: Qualification of elective officers:

The mayor, recorder and councilmen must be residents of The Town of Sophia, qualified and entitled to vote for members of its Common Council. Every person elected or appointed to an office shall, within twenty days after his election or appointment, and before he shall enter upon the duties of his office, take and subscribe the oath of office prescribed for district officers, which may be done before any person authorized by law to administer oaths, or before the mayor or recorder of the Town of Sophia, which oaths, with the certificate of the officer administering the same, shall be filed with the recorder of said Town, who shall file and preserve same,

Section 8: Filling Vacancy:

When, from any cause, a vacancy occurs in the office of mayor, recorder or in the council, the vacancy shall be filled by appointment, until the next succeeding election, by the Council from among its citizens of said Town, eligible to fill such vacancy under the terms and provisions of Chapter 47, Barnes' Code, West Virginia, 1923.

Section 9: Deciding the Vote:

When two or more persons shall receive an equal number of votes for the same office, if such number of votes be the highest cast for such office, the persons under whose supervision the election is held shall decide by lot which of them shall be returned as elected and shall make their returns accordingly.

Section 10: Contested elections:

All contested elections shall be heard and decided by

the Common Council of the Town of Sophia in office at the time such election is held.

Section 11: Common Council - organization:

The Council shall be presided over at its meetings by the mayor, or, in his absence, by the recorder, or in the absence of both the mayor and recorder, by one of the councilman selected by a majority of the council; and a majority of the whole council shall be necessary to form a quorum for the transaction of business, but neither the mayor, recorder, nor any member of the Council shall vote upon any resolution or proposition in which he may be interested other than as a citizen of said Town.

Section 12: Rules and Records:

The Common Council of the Town of Sophia shall provide a well bound book and cause to be kept therein an accurate account of record and all of its proceedings, by-laws, acts, orders and resolutions, which shall be fully indexed and kept open for the inspection by any one who is required by law to pay taxes in the Town of Sophia. At each meeting of the Council the proceedings of the last meeting shall be read and corrected, if erroneous, and signed by the officer presiding at such meeting, and the recorder. Upon the call or request of any member of the Common Council the "yeas" and "nays" on any question shall be taken and recorded in the journal, or record of the proceedings had. The mayor and recorder shall have votes as members of the Council, and in case of a tie the presiding officer for the time being shall have the casting vote.

Section 13: Effective ordinances:

All ordinances and part of ordinances inconsistent with the ordinances herein contained and covered by this chapter are hereby repealed. And the foregoing ordinances, sections one to fifteen, inclusive, are hereby ordered spread upon the record of the proceedings of the Common Council of the Town of Sophia as and for the organization and election ordinances of said Town.

ATTEST:

J. H. Cook SEAL
James B. Dick Recorder.
 Mayor.

STANDARD B & P "NOT"

SEWER CODE

TOWN OF SOPHIA

ARTICLE 1. GENERAL PROVISIONS --SANITARY BOARD.

1. BOND ORDINANCE.--(Section one consists of the bond ordinance heretofore adopted and enacted October 10, 1950, and spread upon the minute record of the Council of the Town of Sophia at that time; which, because of its length, is not repeated here.)

2. CREATION OF SANITARY BOARD: ITS POWERS AND DUTIES.--
The Sanitary Board heretofore created by an ordinance entitled "An Ordinance Providing for a Sanitary Board for the Town of Sophia, West Virginia", adopted and enacted at a regular meeting of the Council of the Town of Sophia, held on Tuesday, October 10, 1950; is hereby continued in existence and the provisions of said ordinance are hereby re-affirmed except as expressly herein modified, and all acts of the Sanitary Board therein created are hereby ratified and confirmed. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection and treatment of sewage, which are now owned or may hereafter be acquired by the Town of Sophia. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to it by law, and shall have all of the powers granted to such Sanitary Board under and by virtue of Article 13 of Chapter 16 of the Code of West Virginia as the same now exists and may hereafter be amended; but the powers of said Sanitary Board shall be subject

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to all restrictions and limitations contained in said Article 13 as the same now exists or may hereafter be amended. The Board may employ engineers, architects, inspectors, superintendents, a manager, collectors, attorneys and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of Article 13 shall be paid solely from funds provided under the authority of said Article, and the Board shall not exercise or carry out any authority or power given it so as to bind said Board or said municipality beyond the extent to which money shall have been or may be provided under the authority of said Article 13. No contract or agreement with any contractor for labor and/or material exceeding in amount the sum of \$1,000.00, shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of said Sanitary Board. After the construction, installation and completion of said works the Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by law, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may effect

the operation of such works, and do all things necessary or expedient for the successful operation thereof; and said Board shall have any and all other powers granted to it by said Article 13, or which may be granted to it by any amendments to said Article 13 hereafter made, subject to any and all restrictions and limitations therein contained.

3. SANITARY BOARD, APPOINTMENT, TERM, QUALIFICATION OF ITS MEMBERS. --The Sanitary Board of the Town of Sophia shall be composed of the Mayor of the Town of Sophia and two persons appointed by the governing body. The construction of the plant for the Town of Sophia will begin immediately and is now in the preliminary course of construction, and after its completion, the engineer member of said Sanitary Board may hereafter be succeeded by a person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said Sanitary Board until at least one year after the expiration of the term of his public office. The Honorable Elgie H. Ballard as Mayor of the Town of Sophia is appointed a member of said Sanitary Board, as provided by Statute, and to serve until his term of office expires; his successor shall be the Mayor of the Town of Sophia, on or after July 1, 1951, as provided by Statute. The Honorable Dennis M. Leary, Registered Professional Engineer, shall be appointed for a term of two years, as provided by the Code of West Virginia, and commencing October 10, 1950. The Honorable Joseph E. Carnohan, shall be appointed as a member of said Board for a term of three years; his successor shall be appointed for a term of three years as provided by the Code of West Virginia commencing October 10, 1950.

STANDARD B & P "NOTEBAR"

4. SANITARY BOARD, ITS OFFICERS AND HOW ELECTED: TERM OF OFFICE.--The Mayor shall act as chairman of the Sanitary Board, which shall elect a vice-chairman, and also designate a secretary and a treasurer (who may be separate persons or one and the same), either of whom may or may not be a member or members of the Sanitary Board. The vice-chairman, secretary and treasurer, if they be not a member of the Sanitary Board, shall hold office as such during the will and pleasure of the Sanitary Board.

5. SANITARY BOARD, SALARIES OF ITS OFFICERS.--Each member of the Sanitary Board shall receive as his salary as such the sum of \$25.00 per month, and shall be entitled to payment for his reasonable expenses incurred in the performance of his duties. The Council may at their will and pleasure change the amount of the salary of the members of the Sanitary Board, or any one or more of its officers, as aforesaid, at their will and pleasure. The salary of those who are not members of the Sanitary Board shall be set by said Sanitary Board, and the members of the Sanitary Board can change the amount of the salary of those who are not members of the Sanitary Board, at their will and pleasure. The treasurer of the Sanitary Board shall give a bond in the sum of \$ _____, conditioned upon the faithful performance of his duties as such treasurer and the faithful accounting for all moneys which may come into his hands as such treasurer, and otherwise conditioned as required by law; with surety to be approved by the Council.

The above salaries now in force shall remain in force only until the construction account has been closed out, at which time the Council shall again fix such salaries.

1. RATE FOR SERVICE ORDINANCE.--WHEREAS, the Town of Sophia, in the County of Raleigh, and State of West Virginia, is by concurrent proceedings providing for the issuance of Sewer Revenue Bonds of said town, in the principal amount of \$200,000.00, under the provisions of Article 13 of Chapter 16 of the West Virginia Code, for the purpose of paying the cost of constructing improvements and extensions to the municipal sewer system of said town including a sewage treatment and disposal plant; and

WHEREAS it is required and provided by said law that just and equitable rates or charges be established for the use of and the service rendered by such sewer system in order to produce revenues for the expenses of operation, repair and maintenance of said system, and to pay the principal and interest of all such bonds as the same become due;

NOW, THEREFORE, BE IT ORDAINED by the Council of the Town of Sophia, West Virginia:

Section 1. That there is hereby established a schedule of just and equitable rates or charges for the use of and service rendered by the municipal sewer system of the Town of Sophia, West Virginia, which shall be paid by the owner of each and every lot, parcel of real estate or building connected with, served by, or using such sewer system as follows:

Rates Within the Corporate Limits of the Town

The rates and charges shall be based in so far as possible upon the quantity of water supplied each month to the respective premises. There shall be charged monthly to the owners of each lot or parcel of real estate for the services of said sewer system the following rates, based upon water meter readings:

| | | | |
|----------|----------------------|-----|-------------------------------------|
| | 2000 gallons or less | - | 2.86 ^{2.86} 2.00 (minimum) |
| Next | 4000 gallons | - @ | .70¢ per 1000 gallons |
| Next | 20000 gallons | - @ | .60¢ per 1000 gallons |
| All over | 26000 gallons | - @ | .50¢ per 1000 gallons |

If for any reason there be no record of the amount of water supplied in any month then the charge shall be based upon the last available monthly meter reading.

Rates Outside the Corporate Limits of the Town

A minimum charge of \$2.50 per month, payable monthly, for each connection to the sewer system, and the charges based on quantity of water supplied the premises shall be 125% of the rates for services with the town. 3.40

Rates for special industrial sewage connections will be fixed by the Sanitary Board of said town in the event the foregoing rates shall be deemed by said Board to be inequitable in any case. All bills shall be rendered monthly and shall be due when mailed to the last known address of the party owing same, and a penalty of ten per cent (10%) of the amount of all such bills shall be added to those not paid on or before fifteen days from the date of such mailing, and any bills not paid within thirty days after due shall, with the penalty as aforesaid, be recovered by the Sewer Board of said town in a civil action in the name of the town and the lien procured in connection with any such action shall be foreclosed in due course against the lot, parcel of land or building charged with the amount due. The foregoing rates or charges shall be put into effect and collection immediately upon completion of

Rates Within the Corporate Limits of the Town

The rates and charges shall be based in so far as possible upon the quantity of water supplied each month to the respective premises. There shall be charged monthly to the owners of each lot or parcel of real estate for the services of said sewer system the following rates, based upon water meter readings:

| | | |
|----------|------------------------|-------------------------|
| | 2000 gallons or less - | 2.00 (minimum) |
| Next | 4000 gallons | @ 70¢ per 1000 gallons |
| Next | 20000 gallons | @ 60¢ per 1000 gallons |
| All over | 26000 gallons | A 50¢ per 1000 gallons. |

If for any reason there be no record of the amount of water supplied in any month then the charge shall be based upon the last available monthly meter reading.

Rates Outside the Corporate Limits of the Town

A minimum charge of \$2.50 per month, payable monthly, for each connection to the sewer system, and the charges based on quantity of water supplied the premises shall be 125% of the rates for services with the town.

Rates for special industrial sewage connections will be fixed by the Sanitary Board of said town in the event the foregoing rates shall be deemed by said Board to be inequitable in any case. All bills shall be rendered monthly and shall be due when mailed to the last known address of the party owing same, and a penalty of ten per cent (10%) of the amount of all such bills shall be added to those not paid on or before fifteen days from the date of such mailing, and any bills not paid within thirty days after due shall, with the penalty as aforesaid, be recovered by the Sewer Board of said town in a civil action in the name of the town and the lien procured in connection with any such action shall be foreclosed with the amount due. The foregoing rates or charges shall be put into effect and collection immediately upon completion of

STANDARD B & P "NOTICE"

STANDARD B & P "NOTICE"

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the construction of the sewage treatment and disposal plant, and in any event not later than Nov. 1st, 1951. Said rates and charges shall be revised from time to time as may be required and provided by law. Billings for sewer service and water delivered shall be included in the same bill and collected in the aggregate.

Section 2. That there being no newspaper published in said Town of Sophia, this ordinance, after having been published each week for two successive weeks in the Beckley Post-Herald and Raleigh Register, newspapers of opposite political faith published in the ^{City} Town of Beckley, West Virginia, and an opportunity having been afforded any person or persons interested in the matter to appear before this Council at a public hearing held at Town Hall in said town, on Nov. 3, 1950, at 6:30 o'clock P. M., shall become effective immediately upon its final adoption.

Section 3. That all ordinances, resolutions or orders or parts thereof in conflict with the provisions of this ordinance are, to the extent of such conflict, hereby repealed.

AMENDMENTS TO THE ABOVE ORDINANCE

The Ordinance entitled "An Ordinance establishing rates or charges for use of and services rendered by the municipal sewer system of the Town of Sophia, West Virginia," and providing for the collection of such rates and charges, which was adopted and enacted by the Common Council of the Town of Sophia at a regular meeting thereof, continued and held on November 3, 1950, and being Sections 1, 2, and 3 as set forth above, be and the same is hereby amended as follows:

4. LIEN FOR RATES OR CHARGES FOR SERVICE: HOW ENFORCED,--

All rates or charges imposed by Section 1 hereof, shall, as provided by law, constitute a lien upon the premises served by the sewer works of this city. If any such service rate or charge provided by Section 1 hereof shall not be paid within thirty days after the same is due, as provided in Sections 1 and 2 hereof, the Sanitary Board is hereby authorized, empowered and directed to collect the amount thereof, together with the penalty of 10% hereinbefore provided for, and a reasonable attorney's fee in a civil action in the name of the Town of Sophia, and in connection with such action said lien may be foreclosed against such lot, parcel of land and building, in accordance with the laws relating thereto.

5. RATES AND CHARGES FOR SERVICE OF CITY HALL: HOW PAID.--

The Town of Sophia shall be subject to the same charges and rates as hereinbefore provided for service rendered the municipality by virtue of the connection of the City Hall with such sewer works, and shall pay such rates or charges when due from general corporate funds of the City, and when so paid the same shall be deemed to be a part of the revenues of the works herein defined; and whereas the Sanitary Board is using space in the City Hall for their office; it is ordered that such charges and rates each month be offset against such rentals each month without regard to their respective amounts.

FEES FOR PERMITS TO TAP SEWERS: METHOD OF TAPPING:

PENALTIES.

1. DIRECT TAPPING TO SEWERS WITHOUT PERMIT FORBIDDEN.-- No person shall tap or connect a private sewer or drain with any public sewer of the Town of Sophia, whether lying within or without the corporate limits of the Town of Sophia, without first paying a tapping fee and obtaining the issuance of a written permit so to do in accord-

ance with Section 5 hereof, for each building or other improvement, as herein defined, served by such private sewer.

2. INDIRECT TAPPING TO SEWERS WITHOUT A PERMIT FORBIDDEN.--

If there be a private drain or sewer connected with a public sewer of the Town of Sophia, whether within or without the corporate limits of the Town of Sophia; no person shall connect therewith another private drain or sewer which serves or is to serve any building or other improvements, as herein defined, without first paying the tapping fee and obtaining the issuance of a written permit so to do, for each building or other improvement so connected thereto in accordance with Section 5 hereof.

If such private sewer or drain, already connected with the public sewer, shall serve or shall have serve a building or other improvement which has been partially or wholly destroyed by fire; or which has been partially or wholly dismantled or torn down, preparatory to the erection of a new building or improvement; or which is being remodeled or improved to the extent of 100% of the actual cash value of the building or improvement before such remodeling or improving (the cost of remodeling or improving being based on construction cost); then no person shall connect with such private drain or sewer (already connected with a public sewer) such new building or improvement; or rebuild or remodel or improve such building or improvement to such extent; without first obtaining the issuance of a written permit so to do as provided in Section 5 hereof; and without first paying the tapping fee (if any) therefor.

Upon the tapping fee therefor, the City Recorder shall credit the tapping fee theretofore paid for the connection of the previous building or other improvement so partially or wholly destroyed by

fire, or dismantled or torn down, or remodeled as aforesaid. Unless the applicant for such new written permit shall furnish the City Recorder with documentary proof that such former tapping fee paid was for a different amount, exactly specified in such documentary proof, the credit so allowed upon such tapping fee shall conclusively be presumed to be \$25.00.-⁶⁰⁰

3. GENERAL SCHEDULE OF TAPPING TAPPING FEES.-- The following general schedule of fees is hereby established for a written permit to tap a public sewer of the Town of Sophia, either directly as provided, in Section 1 hereof, or indirectly as provided in Section 2 hereof, whether made within or without the Town of Sophia:

If the building or other improvement served is located within the Town of Sophia:

⁶⁰⁰\$50.00 for each building, and for each written permit to tap on the public sewer of the Town of Sophia; ³⁰⁰\$25.00 for each additional tap to said public sewer, and each additional separate unit of said building.

The above fee will be the same as that set forth above as to improvements not located within the Town of Sophia, and to which said sewer improvement is desired.

4. SPECIAL SCHEDULE OF TAPPING FEES; HOW AND WHEN ESTABLISHED.--The Sanitary Board may, by order duly entered on its records, determine that the proposed construction of an extension or lateral line of the public sewers of the Town of Sophia, whether within or without the Town of Sophia, will entail a cost beyond the revenues to be derived from fees for tappings made along such extension, and in such case the Sanitary Board may determine a special schedule of

STANDARD B & P "NOISEAR"

fees for tappings to be made along such extension or lateral line by order entered of record. After such special schedule of fees shall have been determined, if a majority of the owners of buildings or other improvements to be served thereby shall nevertheless file a written petition with such Sanitary Board of the City, containing such special schedule of fees, and petitioning the Board to make such extension and charge such schedule of fees; then the said Sanitary Board may make such extension, and all tapping permits, to such extension or lateral line issued in accordance with Section 5 hereof shall, as a prerequisite to the issuance thereof, require the payment of the tapping fee in accordance with said special schedule.

5. WRITTEN TAPPING PERMITS; HOW AND WHEN ISSUED. --The Recorder of the Town of Sophia shall, upon application and upon the payment in cash of the proper tapping fee, as set forth in Section 3 and 4 hereof; issue to such applicant a written permit to tap or connect, either directly as set forth in Section 1 hereof, or indirectly as set forth in Section 2 hereof; to the public sewers of the City a private drain or sewer from any building or other improvement, as defined herein and described as Sections 1, 2, 3, and 4 hereof. A separate written permit shall be issued and a separate fee shall be paid for each building or other improvement, as defined herein, so connected directly or indirectly with such public sewer.

Any building or improvement not constituting an integral part of another building or improvement, although appurtenant thereto; whether located on the same or another lot; shall be considered a separate building or improvement for the purposes of this article, requiring a separate permit and the payment of a separate fee. A

RD B & P "NOISEAR"

garage apartment shall be considered such a separate building or improvement.

The schedule of fees provided in Section 5 hereof, is based upon the relation of new construction in the city to the cost of extensions of the public sewers from time to time required.

Such permit, after the same is properly issued, unless revoked as herein provided for, shall be an authorization to the holder thereof to make the connection therein described within one year from the date of the issuance thereof, but after the end of such year all rights of the holder to make such connection shall cease and terminate.

If any person shall, without first obtaining a permit as herein provided, tap or connect a private drain, sewer or building, either directly or indirectly, as set forth in Section 1 and 2 hereof; or violate any section hereof, the Sanitary Board may, in addition to the other penalties or remedies herein provided for, disconnect such drain, sewer or building.

6. ADVANCEMENTS MADE BY PERSONS FOR NEW CONSTRUCTION: HOW MADE AND REPAID.-- If any person or persons shall desire that a lateral or extension be made of a public sewer line belonging to the Town of Sophia, located in or out of the corporate limits of the town, and if the Sanitary Board shall be of opinion that funds cannot be spared for the building or extension of such line; such Sanitary Board is hereby authorized and empowered in their discretion to enter into a written contract on behalf of the Town of Sophia with such person or persons, whereby a part or all of the cost of constructing such extension or lateral line shall be advanced

to the town without interest by such person or persons, with the understanding and agreement that such funds advanced shall be repaid without interest from time to time to such person or persons out of tapping fees in accordance with the general schedule of fees for tapping at such time in force, received from tappings or connections with such extension or lateral line from time to time, until such advancement shall be repaid in full, but without interest. Such agreement to be effective shall be in writing, shall be submitted to and approved by the City Attorney and the Council of the Town of Sophia, and spread upon the record book of such Council at the time of such approval; and upon such approval being given, the Mayor shall execute such agreement on behalf of the Town. When such agreement is made, as aforesaid, the Recorder shall enter an account upon a ledger book of the City, which account shall show the persons making such an advance and shall describe the extension or lateral line constructed with reasonable accuracy; and the amount advanced, together with the repayments thereon, from time to time, shall be entered on such account. Such ledger accounts shall all be kept in a separate ledger book maintained for that purpose.

Such contract may, in the discretion of the Sanitary Board, provide that such advancement shall be repaid only out of fees received from the advancement-maker alone, for tapping permits along such extension or lateral line; or in the discretion of the Sanitary Board from fees received from the advancement-maker for tappings made on any of the town sewers; in either of which cases no money shall actually be exchanged when a permit is issued to the advancement-maker, but credit shall be made on the ledger and the permit shall

state that the "fee herefor has been immediately returned to grantee hereof upon a contract of reimbursement for advancement, without deposit in town funds".

No contract for the future issuance of a sewer permit shall hereafter be made, and no contract for repayment of an advancement made hereafter shall be valid unless strictly in accordance with the terms hereof.

7. COMPULSORY CONNECTION WITH SEWER; PROCEDURE.--The Council may require the owner of any property abutting upon any street or alley, in which a public sewer belonging to the town has been laid or placed, to connect a sewer leading from his or her property or lot into such public sewer at the nearest practicable point of connection, provided such owner has erected or constructed a building or other improvement on his or her property or lot, and provided such nearest point of connection shall be within 300 feet of his property line. If the Council shall require such owner to make such connection, it shall require at least sixty (60) days' notice to be served upon such owner, ordering him to make such connection, but such owner, although so required, shall not be authorized to make such connection until he shall have first obtained a written permit to make such connection in accordance with Section 5 hereof. If the owner of such lot or property thereupon fails or refuses to apply for and obtain such written permit, or after having obtained such permit fails or refuses to make such connection in accordance with Section 7 hereof, after having been given such notice, the Council may thereupon enter upon such lot and construct such sewer and may levy the actual cost thereof, including the said tapping fee therefor, against the lot upon which the same is built and collect such costs and fee from the owner of such lot in the same manner as

civil suits and judgments are collected.

8. PENALTIES FOR VIOLATION OF SECTIONS 1 AND 2 OF THIS ARTICLE.--Any person violating any of the provisions or requirements of Sections 1 or 2 hereof shall, upon being found guilty, be fined not less than \$5.00 nor more than \$200.00, or confined in the City or County Jail of Raleigh County not more than 10 days, or both in the discretion of the Mayor.

"Any person", as used in Sections 1 or 2 hereof, shall include not only the person or persons performing the act or acts therein prohibited, but also a contractor or sub-contractor (or the manager or foreman directing such work to be done if the contractor or sub-contractor be a corporation); and also the owner or owners who authorize such work to be done, or if the owner or one of the owners be a corporation, the officer or officers thereof directing such work to be done.

9. TAPPING FEES MAY BE COLLECTED BY CIVIL SUIT.--In addition to the collection of the penalties for violating any of the provisions or requirements of the sections in this article hereinbefore set forth, the Town of Sophia may, in a civil action, collect the amount of tapping fees due such Town prescribed in Section 3 and 4 thereof, in case such person shall, without the written permit hereinbefore specified, make any of the connections described in paragraphs one and two thereof; and may in a civil action recover any additional amount due to the City under Section 6 hereof after such amount shall have been determined by the Sanitary Board.

FUNDS UNDER THE CONTROL OF THE SANITARY BOARD OF THE TOWN OF SOPHIA--HOW KEPT AND DISBURSED.

1. TOWN OF SOPHIA SANITARY BOARD OPERATING ACCOUNT; RECEIPTS AND DISBURSEMENTS THEREOF.--There is hereby created a fund to be designated as "Sanitary Board of the Town of Sophia", into which

account shall be placed and deposited all funds derived from the issuance of permits under Article 3 hereof. Such fund shall be used only for making new construction or extensions of the Sophia sewer system or works; and for transfers made as hereinafter provided to the account designated as "Sanitary Board of the Town of Sophia." No part of said account shall be used for maintenance of said system.

2. TOWN OF SOPHIA SANITARY BOARD REVENUE ACCOUNT; RECEIPTS AND DISBURSEMENTS.--There is hereby created a fund to be designated as "Sanitary Board of the Town of Sophia", into which account shall be placed and deposited all funds derived from rates or charges for service to the users of said system under and by virtue of Article 2 hereof, as well as all miscellaneous receipts from whatever source derived. All expenses of maintenance and operation of said system or works, including the salaries of all officers and employees of the Sanitary Board as such, shall be paid out of said fund, and the Sanitary Board may from time to time spend out of such funds so much thereof as they may deem proper for new construction, repairs, and extensions of said sewer system or works; and the Sanitary Board shall from time to time make transfers from said fund to the fund designated as "Sanitary Board of the Town of Sophia," as herein provided.

3. FUNDS UNDER CONTROL OF SANITARY BOARD; HOW DEPOSITED, ETC.--All of the funds under the supervision and control of the Sanitary Board shall be taken and considered as funds of the Town of Sophia, and shall be deposited in the respective funds hereinbefore designated, in such banks as shall qualify from time to time as depository banks of the Town of Sophia.

7. SEWAGE CONSTRUCTION ACCOUNT; HOW CLOSED OUT.--The fund now under control of the Sanitary Board, and being the amount necessary for the construction of said sewer system, will be continued for said construction, in the manner heretofore provided, until final payment has been made to the construction company or companies, and all material has been paid, and the engineer has been paid for work performed in connection with such construction, and all other incidental expenses in connection with such construction are paid. At that time the Sanitary Board is hereby authorized, empowered and directed to determine how much of said funds will be necessary for such immediate further minor construction projects as the Board may determine upon and such amount shall be transferred to one of the funds hereinbefore provided for, and the balance shall be transferred to an account, if any such balance remains, and the same to be used as a redemption fund and to be applied on the payment of the Revenue Bonds for said sewer improvement.

PROHIBITING PERSONS FROM DOING CERTAIN THINGS OR FAILING TO DO CERTAIN THINGS, AND PROVIDING PENALTIES FOR THE VIOLATION THEREOF.

1. PENALTY FOR WILFUL OR NEGLIGENT INJURY TO SEWERS, ETC.-- It shall be unlawful for any person wilfully or negligently to injure, deface, mar, take away or destroy any part, portion, or section or appurtenance of any public sewer or the sewer system or either sewage disposal plant of the Town of Sophia, including sewer lines, sections, joints or connections of a sewer line, manhole, or any part or appurtenance of a manhole or sewer line, water line to or from a sewage disposal plant, sewage disposal plants, or any structure, building,

improvement or appurtenance thereto or constituting a part thereof, and including all tools, appliances, equipment or fixtures used in connection with such disposal plant; whether the same be located within or without the corporate limits of the Town of Sophia.

Any person violating the provisions hereof shall be fined not less than \$5.00 nor more than \$50.00, and costs, or confined in the County Jail not more than six months, or both.

2. PENALTY FOR FAILURE TO REPAIR, ETC., WHEN A PERSON INJURES, ETC., ANY SEWER, ETC.--If any person shall wilfully or negligently or otherwise injure, deface, mar, take away or destroy any part, portion, section or appurtenance of any public sewer or the sewer system or either sewage disposal plant of the Town of Sophia, including sewer lines, sections, joints, or connections of a sewer line, manhole, or any part or appurtenance of a manhole or sewer line, water line to or from a sewage disposal plant, sewage disposal plants, or any structure, building, improvement or appurtenance thereto or constituting a part thereof, and including all tools, appliances, equipment or fixtures used in connection with such disposal plant; whether the same be located within or without the corporate limits of the Town of Sophia; he shall at once repair, return, restore or replace the same in the same condition as before.

Any person failing so to do shall be fined not less than \$1.00 nor more than \$50.00, or confined in the County Jail not more than three months, or both, and in addition shall be liable to the Town of Sophia for its damage sustained by it by reason of the premises.

3. PENALTY FOR FAILURE TO NOTIFY IN CASE OF INJURY, ETC., OF SEWERS, ETC.--Any person who shall, whether wilfully or negligently or otherwise, injure, deface, mar, take awya or destroy any part,

portion, section or appurtenance of any public sewer or the sewer system of either sewage disposal plant of the Town of Sophia, including sewer lines, sections, joints, or connections of a sewer line, manhole, or any part or appurtenance of a manhole or a sewer line, water line to or from a sewage disposal plant, sewage disposal plants, or any structure, building, improvement or appurtenances thereto or constituting a part thereof, and including all tools, appliances, equipment or fixtures used in connection with such disposal plant; whether the same be located within or without the corporate limits of the Town of Sophia; shall immediately notify the Mayor or Recorded or the Town of Sophia, or the Manager of such sewer system, of the nature and full extent of such injury, damage or destruction.

Any person who shall fail so to do shall be fined not less than \$5.00 nor more than \$50.00, or shall be confined in the County Jail not more than two months, or both, in the discretion of the Mayor.

4. PENALTY FOR TRESPASSING ON DISPOSAL PLANTS.--Any person who shall trespass upon the inclosed or grounds of either of the sewage disposal plant of the Town of Sophia shall be fined not less than \$1.00 nor more than \$25.00, or confined in the County Jail not more than 10 days, or both, in the discretion of the Mayor.

5. PENALTY FOR CAUSING TO ESCAPE VILE ODORS FROM SEWERS, ETC.--No person shall remove any sink, basin, stationary tub, commode or other sanitary equipment connected in any manner with any public sewer in the Town of Sophia, so as to allow the escape from said public sewer or any connection therewith vile odors, gases or sewer gas to the annoyance, injury or inconvenience of any person in the

Town of Sophia. Any person who shall violate this section shall, upon conviction, be fined not less than \$5.00 nor more than \$25.00 for each offense.

6. PENALTY FOR THROWING SURFACE WATER OR CERTAIN SOLIDS IN SEWERS.--No person shall wash, throw or place, or cause to be washed, thrown or placed in any sanitary sewer or sewers of the Town of Sophia, or in any private connection, opening or leading thereto, any surface or drain water or any sand, mud or soil, rags, waste, or other matter or substance other than ordinary sewage. Any person violating this section, upon conviction thereof, shall be fined not less than \$5.00 nor more than \$30.00.

7. PENALTY FOR DUMPING SEWAGE INTO STREETS, ETC.; MAINTAINING PRIVY, ETC.--No person shall dump any sewage into the streets, avenues, alleys or public grounds of this town, nor in or upon any private grounds or premises so that the same shall or may become unsanitary or dangerous to the health of any person. No person shall maintain any privy on any property in the Town of Sophia, upon any property that is within 300 feet of a public sewer. Any person violating any provisions of this section shall be punished by a fine of not less than \$5.00 nor more than \$30.00, and the violating on separate days shall be and ^{shall} constitute separate offenses.

8. PENALTY FOR DISPOSAL OF SEWAGE OTHERWISE THAN IN SEWER, IF SEWER IS IN ADJOINING STREET.--Any person who permits any sewage from his residence or lot to enter upon any street upon any property, including his own, after a sewer has been placed in a street or alley adjacent to his property, to which he should connect, shall upon being found guilty, be fined not less than \$5.00 nor more than \$100.00, or confined in the County Jail not more than thirty days, or both, in the discretion of the Mayor.

*Sanitary Board
Sophia W.V.*

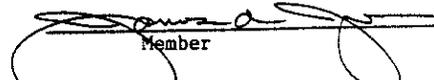
OATH OF MEMBERS OF SANITARY BOARD

TOWN OF SOPHIA
RALEIGH COUNTY
WEST VIRGINIA

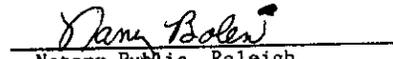
We hereby solemnly swear that we will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and we will faithfully and impartially discharge and perform the duties incumbent on us as members of the Sanitary Board of the Town of Sophia, Raleigh County, West Virginia, to the best of our knowledge and ability, so help us God.


Member

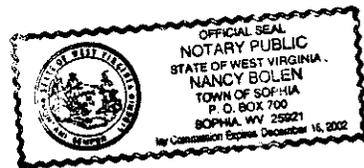

Member


Member

Taken, subscribed and sworn to before me in my said County and State on this the 10 day of July, 1995.


Notary Public, Raleigh
County West Virginia

My commission expires:
December 16, 2002



THE TOWN OF SOPHIA
BOX 700
SOPHIA, WEST VIRGINIA 25921

OATH OF OFFICE

DATE, 4-27-95

I, Calvin Moran, do hereby solemnly swear that I will support the Constitution of the United States and the State Of West Virginia and will faithfully discharge the duties of the office of MAYOR of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Calvin Moran

Taken, subscribed, and sworn before me on the 27 day of April, 1995.

Nancy Baker

My commission expires December 16, 2002.

THE TOWN OF SOPHIA
BOX 700
SOPHIA, WEST VIRGINIA 25921

OATH OF OFFICE

DATE, 4-27-95

I, Walter Johnson, do hereby solemnly swear that I will support the Constitution of the United States and the State Of West Virginia and will faithfully discharge the duties of the office of Recorder of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Walter Johnson

Taken, subscribed, and sworn before me on the 27 day of April, 1995.

Nancy Bolin

My commission expires December 16, 2002.

THE TOWN OF SOPHIA
PO BOX 700
SOPHIA, WEST VIRGINIA 25921

OATH OF OFFICE

DATE July 12, 1993

I, Ronald Taylor, DO hereby solemnly swear that I will support the Constitution of the United States and the State Of West Virginia and will faithfully discharge the duties of the office of Council of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Ronald Taylor
Taken, subscribed, and sworn before me on the 12 day of July, 1993.

Nancy Bowen

My commission expires December 16, 1993.

THE TOWN OF SOPHIA
BOX 700
SOPHIA, WEST VIRGINIA 25921

OATH OF OFFICE

DATE, 06-25-93

I, Coy Barr, do hereby solemnly swear that I will support the Constitution of the United States and the State Of West Virginia and will faithfully discharge the duties of the office of Council of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Coy Barr

Taken, subscribed, and sworn before me on the 25 day of June, 1993.

Nancy Bolen

My commission expires December 16, 2002.

THE TOWN OF SOPHIA
PO BOX 700
SOPHIA, WEST VIRGINIA 25921

OATH OF OFFICE

DATE 07-01-93

I, Thomas McKinney, DO hereby solemnly swear that I will support the Constitution of the United States and the State Of West Virginia and will faithfully discharge the duties of the office of Councilman of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Taken, subscribed, and sworn before me on the 1st day of July, 1993.

Thomas M. McKinney

Denny Bowen

My commission expires December 16, 2002.

THE TOWN OF SOPHIA
PO BOX 700
SOPHIA, WEST VIRGINIA 25921

OATH OF OFFICE

DATE 7-11

I, Albert Veneri, DO hereby solemnly swear that I will support the Constitution of the United States and the State Of West Virginia and will faithfully discharge the duties of the office of Council of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Taken, subscribed, and sworn before me on the 12 day of July, 1993.

Nancy Bolen

My commission expires December 16, 1993.

THE TOWN OF SOPHIA
BOX 700
SOPHIA, WEST VIRGINIA 25921

OATH OF OFFICE

DATE, 06-16-94

I, Carmen Rosmussen, do hereby solemnly swear that I will support the Constitution of the United States and the State Of West Virginia and will faithfully discharge the duties of the office of Council of the Municipality of Sophia, West Virginia, to the best of my skill and judgement, so help me God.

Carmen Rosmussen

Taken, subscribed, and sworn before me on the 16 day of June, 1994.

Nancy Bolin

My commission expires December 16, 2002.

PETITION OF THE SANITARY BOARD
OF THE TOWN OF SOPHIA,
WEST VIRGINIA

TO THE COUNCIL OF THE TOWN OF SOPHIA, WEST VIRGINIA

Pursuant to the provisions of Chapter 16, Article 13, Section 5 of the Code of West Virginia of 1931, as amended (the "Act"), the Sanitary Board (the "Board") of the Town of Sophia, West Virginia (the "Town"), which was established pursuant to an ordinance passed by the Council of the Town, hereby petitions the Council to enact an ordinance which shall:

(a) set forth a brief and general description of the acquisition and construction of improvements and betterments to the sewer system of the Town in accordance with plans and specifications (the "Project") prepared and filed by Lawson Engineering & Technical Services, the engineers chosen by the Board (the "Consulting Engineers"), including the report of the Consulting Engineers, a copy of which is filed with the Board and Town;

(b) set forth the amount needed to pay a portion of the costs of the Project, the total cost of which is estimated to be \$810,705;

(c) order the acquisition and construction of improvements and betterments to the sewer system of the Town as outlined in the Consulting Engineers' report;

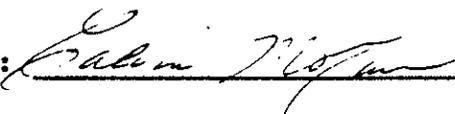
(d) direct that sewer system revenue bonds of the Town be issued pursuant to the Act, which bonds shall be in the aggregate amount of \$156,705 or in such other amount as may be found necessary to pay for a part of the cost of the Project, and direct that sewer system revenue bonds of the Town be issued at the earliest possible date pursuant to the Act;

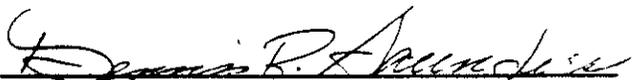
(e) specify that the exact amount of the bond issue shall be \$156,705; and

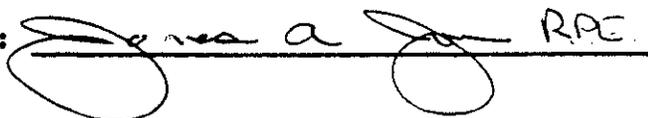
(f) contain such other provisions as may be necessary in the premises to implement the Project.

This petition effective as of the 10 day of July, 1995.

THE SANITARY BOARD OF THE TOWN OF SOPHIA,
WEST VIRGINIA

By: 

By: 

By: 

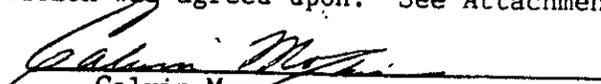
STATE OF WEST VIRGINIA
COUNTY OF RALEIGH
MUNICIPALITY OF SOPHIA

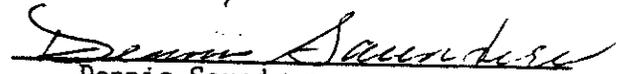
TO WIT:

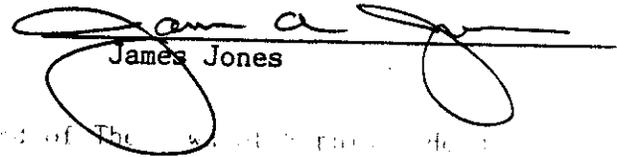
Special meeting of the Sanitary Board of The Town of Sophia. Held on
July 10, 1995.

Meeting opened by Mayor Moran, Chairman.

After discussion, the following Resolution was agreed upon. See Attachment.


Calvin Moran


Dennis Saunders


James Jones

Special meeting of the Sanitary Board of The Town of Sophia, held on
July 10, 1995.

Meeting opened by Mayor Moran, Chairman.

TO THE COUNCIL OF THE TOWN OF SOPHIA, WEST VIRGINIA

Pursuant to the provisions of Chapter 16, Article 13, Section 5 of the Code of West Virginia of 1931, as amended (the "Act"), the Sanitary Board (the "Board") of the Town of Sophia, West Virginia (the "Town"), which was established pursuant to an ordinance passed by the Council of the Town, hereby petitions the Council to enact an ordinance which shall:

(a) set forth a brief and general description of the acquisition and construction of improvements and betterments to the sewer system of the Town in accordance with plans and specifications (the "Project") prepared and filed by Lawson Engineering & Technical Services, the engineers chosen by the Board (the "Consulting Engineers"), including the report of the Consulting Engineers, a copy of which is filed with the Board and Town;

(b) set forth the amount needed to pay a portion of the costs of the Project, the total cost of which is estimated to be \$810,705;

(c) order the acquisition and construction of improvements and betterments to the sewer system of the Town as outlined in the Consulting Engineers' report;

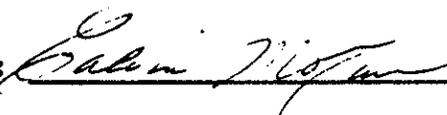
(d) direct that sewer system revenue bonds of the Town be issued pursuant to the Act, which bonds shall be in the aggregate amount of \$156,705 or in such other amount as may be found necessary to pay for a part of the cost of the Project, and direct that sewer system revenue bonds of the Town be issued at the earliest possible date pursuant to the Act;

(e) specify that the exact amount of the bond issue shall be \$156,705; and

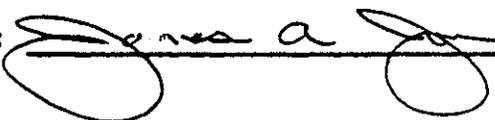
(f) contain such other provisions as may be necessary in the premises to implement the Project.

This petition effective as of the 10 day of July, 1995.

THE SANITARY BOARD OF THE TOWN OF SOPHIA,
WEST VIRGINIA

By: 

By: 

By:  RAE

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH
MUNICIPALITY OF SOPHIA

TO WIT:

A special meeting of the Sophia Town Council was called by Mayor Moran on July 10, 1995 at 10:00 A.M..

The purpose of the meeting was to vote on a Petition of the Sanitation Board to enact the issuance of Bonds for 156,705.00.

Motion made by Coy Barr and Seconded by Tom McKinney to enact the Ordinance for the sale of the Bonds. Motion carried by All.

Meeting ajourned at 10:15 A.M..



Calvin Moran, Mayor



Doug Johnson, Recorder

TOWN OF SOPHIA, WEST VIRGINIA

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF SOPHIA, WEST VIRGINIA BY CONSTRUCTION OF IMPROVEMENTS TO THE SEWER SYSTEM AND OTHER MATTERS; AUTHORIZING THE ISSUANCE BY THE TOWN OF ITS SEWER REVENUE BONDS IN THE AGGREGATE AMOUNT OF \$156,705, SERIES 1995 TO PAY THE COSTS OF SUCH CONSTRUCTION; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF SOPHIA, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewage collection and treatment system. However, it is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the said inhabitants and customers, and, accordingly, it is hereby ordered, that there be constructed additions, betterments and improvements to the existing sewerage facilities of the Issuer including construction of new and replacement sewer lines, treatment plant improvements and other additions and betterments which are also described in the Engineering Report of the Consulting Engineer (hereinafter collectively called the "Project"), and heretofore filed in the office of the Recorder.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Series 1995 Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is therefore deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$156,705 (the "Series 1995 Bonds") to finance costs of the construction and acquisition of the Project not otherwise provided for. The estimated maximum cost of the construction and acquisition of the Project is \$810,705, of which \$156,705 will be obtained from the sale of the Series 1995 Bonds, \$574,000 from the small cities block grant hereinafter defined and \$80,000 from a customer surcharge on the new customers using the System. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; capitalized interest during acquisition and construction and

for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1995 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the completion of construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1995 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that the Series 1995 Bonds be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

G. Upon issuance of the Series 1995 Bonds, there will not be outstanding any obligations of the Issuer which will rank prior to or on a parity with the Series 1995 Bonds as to lien and source of and security for payment.

H. The Issuer has complied with all requirements of West Virginia law relating to the authorization of the construction, acquisition and operation of the Project and issuance of the Series 1995 Bonds, or will have so complied prior to issuance thereof, including, among other things, if required, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or have been waived by the Public Service Commission of West Virginia.

I. The Project is not subject to review by the Infrastructure Council on the basis of having its financing in place prior to the adoption of such legislation.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and System, and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(C) of the Code and all other entities benefiting thereby reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year in which the original Bonds are to be issued.

K. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Council to enact this Ordinance and issue the Bonds, as needed for the purposes set forth herein.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1995 Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such

Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1995 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

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

"Bonds" or "Bonds originally authorized hereby" or similar phrases means, collectively, the Series 1995 Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Authority.

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

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

"Construction Fund" means the Construction Fund established by Section 4.01 hereof.

"Consulting Engineers" means Lawson Engineering & Technical Services, Beckley, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Depository Bank" means First State Bank & Trust, Beckley, West Virginia, its successors and assigns.

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

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

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 7.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Issuer" means The Town of Sophia, in Raleigh County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

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

"Loan Agreement" shall mean the Loan Agreement to be entered into between the Authority and the Issuer providing for the purchase of the Series 1995 Bonds from the Issuer by the Authority, the form of which shall be

approved, and the execution and delivery by the Issuer ratified and confirmed by, the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1995 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1995 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1995 Bonds.

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

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

"Parity Bonds" means additional Bonds issued under the provisions and within the limitation prescribed by Section 6.07 hereof.

"Paying Agent" means the West Virginia Municipal Bond Commission, its successors and assigns.

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

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

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as Primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6, of the West Virginia Code of 1931, as amended; provided, that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments other than that described in this paragraph (h); and

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

"Rebate Fund" means the Rebate Fund established by Section 4.01 hereof.

"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, the person in whose name such Bond is registered.

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

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

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

"Sanitary Board" means any Sanitary Board of the Issuer.

"Series 1995 Bonds" or "Bonds" means the not more than \$156,705 in aggregate principal amount of Sewer Revenue Bonds, Series 1995, of the Issuer.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1995 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1995 Bonds in any year.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Sinking Fund established by Section 4.02 hereof.

"Small Cities Block Grant" means that certain Small Cities Block Grant in the amount of \$574,000 granted to the Issuer.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale the Series 1995 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1995 Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, or any other obligations of the Issuer, including the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" or "Sewerworks System" means the sewerworks system in its entirety or any integral part thereof, including mains, meters, valves, pipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification and treatment plants, and all other

Facilities necessary, appropriate, useful, convenient or incidental in connection with or to a sewer system owned by the Issuer, including all sewer facilities now owned by the Issuer and as expanded and improved by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned by the Issuer and held or used in connection with the sewerworks; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the Project and owned by the Issuer.

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

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

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of \$810,705. The Issuer shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Agreement, such acquisition and construction of the Project in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF SERIES 1995 BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of paying capitalized interest on the Series 1995 Bonds and paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bond and related costs, or any of such purposes, as determined by a Supplemental Resolution, there shall be issued the Series 1995 Bonds, in an aggregate principal amount of not more than \$156,705. Said Bonds shall be designated, "Sewer Revenue Bonds, Series 1995" and shall have such terms as set forth hereinafter or in any Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Account shall, subject to Section 5.02 hereof, be deposited in or credited to the Construction Fund established by Section 4.01 hereof.

Section 3.02. Term of Bonds. The Series 1995 A Bond shall be a single registered bond numbered R-1. The Bonds shall bear interest at such rate or rates, in no event to exceed 6.75% per annum, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe herein or in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by a Supplemental Resolution, the Series 1995 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided herein or in a Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations and at such interest rates and shall be payable as determined by a Supplemental Resolution.

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and

Registration on such Bond, substantially in the form set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

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

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

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

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 1995 Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Fund, the Reserve Account therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Series 1995 Bonds. The text of the Series 1995 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 1995 BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF SOPHIA
SEWER REVENUE BONDS, SERIES 1995

No. R-1

\$156,705
Date: July 24, 1995

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF SOPHIA, WEST VIRGINIA, a municipal corporation and political subdivision of the State of West Virginia in Raleigh 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 Hundred Fifty-Six Thousand Seven Hundred Five and 00/100 Dollars (\$156,705.00) in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1995. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The City National Bank of Charleston, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated July 24, 1995.

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 sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any future additions, betterments or improvements thereto, is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted on July 20, 1995 (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 payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1995 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1995 Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Series 1995 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with this Bond or, if the Reserve Account for the Bond is funded (whether by proceeds of the Bond, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will become due on the Series 1995 Bonds in any fiscal year, and any reserve account for such prior or parity obligations is funded at least at the requirement therefor, equal to at least 110% of the amount required in any fiscal year for debt service on the Series 1995 Bonds and any such prior or parity obligations. The Issuer has entered into certain further covenants with the registered owner of the Series 1995 Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of the Series 1995 Bonds is exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF SOPHIA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated July 24, 1995.

TOWN OF SOPHIA, WEST VIRGINIA

By: _____
Mayor

[SEAL]

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 1995 Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: July 24, 1995

THE CITY NATIONAL BANK OF CHARLESTON
as Registrar

By: _____
Senior Vice President

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1994 SERIES A LOCAL LOAN PROGRAM

BOND DEBT SERVICE

West Virginia Water Development Authority
Town of Sophia

\$156,705

Dated Date 7/24/1995
Delivery Date 7/24/1995

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|----------|--------------|---------------------|
| Jul 24, 1995 | - | - | - | - | - |
| Oct 1, 1995 | - | - | 1,968.61 | 1,968.61 | 1,968.61 |
| Apr 1, 1996 | - | - | 5,288.79 | 5,288.79 | - |
| Oct 1, 1996 | 965.00 | 6.750% | 5,288.79 | 6,253.79 | 11,542.58 |
| Apr 1, 1997 | - | - | 5,256.23 | 5,256.23 | - |
| Oct 1, 1997 | 1,030.00 | 6.750% | 5,256.23 | 6,286.23 | 11,542.46 |
| Apr 1, 1998 | - | - | 5,221.46 | 5,221.46 | - |
| Oct 1, 1998 | 1,099.00 | 6.750% | 5,221.46 | 6,320.46 | 11,541.92 |
| Apr 1, 1999 | - | - | 5,184.37 | 5,184.37 | - |
| Oct 1, 1999 | 1,173.00 | 6.750% | 5,184.37 | 6,357.37 | 11,541.74 |
| Apr 1, 2000 | - | - | 5,144.78 | 5,144.78 | - |
| Oct 1, 2000 | 1,253.00 | 6.750% | 5,144.78 | 6,397.78 | 11,542.56 |
| Apr 1, 2001 | - | - | 5,102.49 | 5,102.49 | - |
| Oct 1, 2001 | 1,337.00 | 6.750% | 5,102.49 | 6,439.49 | 11,541.98 |
| Apr 1, 2002 | - | - | 5,057.37 | 5,057.37 | - |
| Oct 1, 2002 | 1,427.00 | 6.750% | 5,057.37 | 6,484.37 | 11,541.74 |
| Apr 1, 2003 | - | - | 5,009.21 | 5,009.21 | - |
| Oct 1, 2003 | 1,524.00 | 6.750% | 5,009.21 | 6,533.21 | 11,542.42 |
| Apr 1, 2004 | - | - | 4,957.77 | 4,957.77 | - |
| Oct 1, 2004 | 1,626.00 | 6.750% | 4,957.77 | 6,583.77 | 11,541.54 |
| Apr 1, 2005 | - | - | 4,902.90 | 4,902.90 | - |
| Oct 1, 2005 | 1,738.00 | 6.750% | 4,902.90 | 6,638.90 | 11,541.80 |
| Apr 1, 2006 | - | - | 4,844.31 | 4,844.31 | - |
| Oct 1, 2006 | 1,853.00 | 6.750% | 4,844.31 | 6,697.31 | 11,541.62 |
| Apr 1, 2007 | - | - | 4,781.77 | 4,781.77 | - |
| Oct 1, 2007 | 1,979.00 | 6.750% | 4,781.77 | 6,760.77 | 11,542.54 |
| Apr 1, 2008 | - | - | 4,714.98 | 4,714.98 | - |
| Oct 1, 2008 | 2,112.00 | 6.750% | 4,714.98 | 6,826.98 | 11,541.96 |
| Apr 1, 2009 | - | - | 4,643.70 | 4,643.70 | - |
| Oct 1, 2009 | 2,255.00 | 6.750% | 4,643.70 | 6,898.70 | 11,542.40 |
| Apr 1, 2010 | - | - | 4,567.59 | 4,567.59 | - |
| Oct 1, 2010 | 2,407.00 | 6.750% | 4,567.59 | 6,974.59 | 11,542.18 |
| Apr 1, 2011 | - | - | 4,486.35 | 4,486.35 | - |
| Oct 1, 2011 | 2,569.00 | 6.750% | 4,486.35 | 7,055.35 | 11,541.70 |
| Apr 1, 2012 | - | - | 4,399.65 | 4,399.65 | - |
| Oct 1, 2012 | 2,743.00 | 6.750% | 4,399.65 | 7,142.65 | 11,542.30 |
| Apr 1, 2013 | - | - | 4,307.07 | 4,307.07 | - |
| Oct 1, 2013 | 2,928.00 | 6.750% | 4,307.07 | 7,235.07 | 11,542.14 |
| Apr 1, 2014 | - | - | 4,208.25 | 4,208.25 | - |
| Oct 1, 2014 | 3,126.00 | 6.750% | 4,208.25 | 7,334.25 | 11,542.50 |
| Apr 1, 2015 | - | - | 4,102.75 | 4,102.75 | - |
| Oct 1, 2015 | 3,337.00 | 6.750% | 4,102.75 | 7,439.75 | 11,542.50 |
| Apr 1, 2016 | - | - | 3,990.13 | 3,990.13 | - |
| Oct 1, 2016 | 3,562.00 | 6.750% | 3,990.13 | 7,552.13 | 11,542.26 |
| Apr 1, 2017 | - | - | 3,869.91 | 3,869.91 | - |
| Oct 1, 2017 | 3,802.00 | 6.750% | 3,869.91 | 7,671.91 | 11,541.82 |
| Apr 1, 2018 | - | - | 3,741.59 | 3,741.59 | - |
| Oct 1, 2018 | 4,059.00 | 6.750% | 3,741.59 | 7,800.59 | 11,542.18 |
| Apr 1, 2019 | - | - | 3,604.60 | 3,604.60 | - |
| Oct 1, 2019 | 4,333.00 | 6.750% | 3,604.60 | 7,937.60 | 11,542.20 |
| Apr 1, 2020 | - | - | 3,458.36 | 3,458.36 | - |
| Oct 1, 2020 | 4,625.00 | 6.750% | 3,458.36 | 8,083.36 | 11,541.72 |

BOND DEBT SERVICE

West Virginia Water Development Authority
Town of Sophia

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|------------|--------|------------|--------------|------------------------|
| Apr 1, 2021 | - | - | 3,302.27 | 3,302.27 | - |
| Oct 1, 2021 | 4,937.00 | 6.750% | 3,302.27 | 8,239.27 | 11,541.54 |
| Apr 1, 2022 | - | - | 3,135.65 | 3,135.65 | - |
| Oct 1, 2022 | 5,271.00 | 6.750% | 3,135.65 | 8,406.65 | 11,542.30 |
| Apr 1, 2023 | - | - | 2,957.75 | 2,957.75 | - |
| Oct 1, 2023 | 5,627.00 | 6.750% | 2,957.75 | 8,584.75 | 11,542.50 |
| Apr 1, 2024 | - | - | 2,767.84 | 2,767.84 | - |
| Oct 1, 2024 | 6,006.00 | 6.750% | 2,767.84 | 8,773.84 | 11,541.68 |
| Apr 1, 2025 | - | - | 2,565.14 | 2,565.14 | - |
| Oct 1, 2025 | 6,412.00 | 6.750% | 2,565.14 | 8,977.14 | 11,542.28 |
| Apr 1, 2026 | - | - | 2,348.73 | 2,348.73 | - |
| Oct 1, 2026 | 6,844.00 | 6.750% | 2,348.73 | 9,192.73 | 11,541.46 |
| Apr 1, 2027 | - | - | 2,117.75 | 2,117.75 | - |
| Oct 1, 2027 | 7,306.00 | 6.750% | 2,117.75 | 9,423.75 | 11,541.50 |
| Apr 1, 2028 | - | - | 1,871.17 | 1,871.17 | - |
| Oct 1, 2028 | 7,800.00 | 6.750% | 1,871.17 | 9,671.17 | 11,542.34 |
| Apr 1, 2029 | - | - | 1,607.92 | 1,607.92 | - |
| Oct 1, 2029 | 8,326.00 | 6.750% | 1,607.92 | 9,933.92 | 11,541.84 |
| Apr 1, 2030 | - | - | 1,326.92 | 1,326.92 | - |
| Oct 1, 2030 | 8,888.00 | 6.750% | 1,326.92 | 10,214.92 | 11,541.84 |
| Apr 1, 2031 | - | - | 1,026.95 | 1,026.95 | - |
| Oct 1, 2031 | 9,488.00 | 6.750% | 1,026.95 | 10,514.95 | 11,541.90 |
| Apr 1, 2032 | - | - | 706.73 | 706.73 | - |
| Oct 1, 2032 | 10,128.00 | 6.750% | 706.73 | 10,834.73 | 11,541.46 |
| Apr 1, 2033 | - | - | 364.91 | 364.91 | - |
| Oct 1, 2033 | 10,812.00 | 6.750% | 364.91 | 11,176.91 | 11,541.82 |
| | 156,705.00 | | 283,860.83 | 440,565.83 | 440,565.83 |

(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 an the premises.

Dated: _____, _____.

In the presence of:

Section 3.10. Sale of Series 1995 Bonds; Ratification of Execution of Loan Agreement with Authority; Incorporation of Terms. The Series 1995 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in substantially the form attached hereto as "Exhibit A" and made a part hereof, with such changes, insertions and omissions as may be approved by the Mayor, the execution of which shall be conclusive evidence of such approval, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved. The Loan Agreement, as the same may be amended and/or supplemented, and the terms and provisions thereof are herein incorporated by reference thereto.

Section 3.11. Amended Schedule A Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the project and sources of funds therefor.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue or Sewer Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund; and
- (4) Construction Fund.

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

- (1) Series 1995 Bonds Sinking Fund;
 - (a) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account.

Section 4.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) The Issuer shall next, (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1995 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1995 Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on said Bond on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1995 Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Bond on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one

month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1995 Bond, if not fully funded upon issuance of the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1995 Bond Reserve Account, an amount equal to 1/120 of the Series 1995 Bond Reserve Requirement; provided, that no further payments shall be made into the Series 1995 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1995 Bond Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1995 Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1995 Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof,] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1995 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Bonds as the same shall become due. Moneys in the Series 1995 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Bonds, as the same shall come due when other moneys in the attendant Sinking Fund are insufficient therefore, and for no other purpose.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Sinking Fund and Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Construction Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1995 Bonds Reserve Account which result in a reduction in the balance of the Series 1995 Bonds Reserve Account to below the Series 1995 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 1995 Bonds Sinking Fund for payment of debt service on the Series 1995 Bonds have been paid in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments

into the 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 reserve account in an amount equal to the maximum provided and required to be paid into the Sinking Fund in any year for account of the Bonds, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1995 Bonds Sinking Fund or into the Series 1995 Bond Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

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

The payments into the Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

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

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

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Commission's fees, the Depository Bank's charges and the Paying Agent fees then due.

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

E. If on any monthly payment date the revenues are insufficient to

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

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

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

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

ARTICLE V

BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. From the proceeds of the Series 1995 Bonds, there shall first be paid any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

B. From the proceeds of the Series 1995 Bonds, there shall next be deposited with the Commission in the Series 1995 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1995 Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 1995 Bonds, there shall be deposited with the Commission in the Series 1995 Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Reserve Account.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Construction Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 5.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Fund and shall comply with all requirements with respect to the disposition of the Construction Fund set forth in the Bond Legislation. Moneys in the Construction Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1995 Bonds.

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

Disbursements from the Construction Fund, except for the costs of issuance of the Original Bonds, which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred;
and

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

In case any contract provides that the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Fund shall be presumed by the Depository Bank to be

made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Construction Fund to the Series 1995 Bonds Reserve Account, and when the Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

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

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Bonds shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1995 Bonds issued hereunder shall be secured forthwith by a first lien on the Net Revenues derived from the operation of the System, to the extent necessary to make the payments required under Section 4.03 of this Bond Legislation.

The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 6.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the existing rate ordinance of the Issuer adopted on October 21, 1993, and to take effect upon completion of the Project.

Section 6.05. Sale of the System. Except as otherwise required by state law, or with the written consent of the Authority the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay all the Bonds, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received

during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.06 and in Section 6.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably provided revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Bonds; provided, however, that additional parity bonds may be issued to complete the Project as described in the application as of the date hereof, without regard to the foregoing. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1995 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Account and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the

System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 6.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bond issued pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1995 Bonds.

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

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 1995 Bonds. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1995 Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 6.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 6.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 6.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers and the Authority, or any other original purchaser of the Bonds, and shall mail in each

year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the Issuer's revenues are adequate to meet its expenses and debt service requirements.

The Issuer shall also, during construction of the Project and for two years following the completion of the Project, complete a Monthly Financial Report, as described in the Loan Agreement, and forward a copy by the 10th of each month to the Authority.

Section 6.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the reserve accounts or reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 6.04.

Section 6.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and

expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall, within 30 days of the adoption thereof, mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bond, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bond, or anyone acting for and on behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 6.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 6.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class: and in the event

the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, ON ALL above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such Worker's Compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 6.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction, provided that Issuer gives no assurance of compliance with these requirements for parties outside the limits of the Town.

Section 6.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

private business use, then said excess over said 5% or Net Proceeds of the Bonds used for a private business use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such private business use is related.

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

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

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

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 6.18. Securities Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit, annual operating related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, (240, 15c2-12)).

ARTICLE VII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and re-invested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 7.01.

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

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

Section 7.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "Arbitrage Bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it or shall refrain from taking any action, as shall be deemed necessary by the Authority (including, without implied limitation, the timely filing of a Federal Information Return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 7.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code of such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate. The Issuer shall furnish to the Authority such information with respect to earnings on all moneys constituting "Gross Proceeds" of the Bonds (as such term is defined in the Code) from time to time as the Authority may request. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority.

ARTICLE VIII

DEFAULT AND REMEDIES

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

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

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

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

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bond, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bond, or the rights of such Registered Owners.

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default in payment of principal of or interest on the Local Bonds with respect to such Bond any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project or both, as provided by law, on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bond and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and

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

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

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

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Series 1995 Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 1995 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 1995 Bonds only the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1995 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1995 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1995 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All the Series 1995 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1995 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant

to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1995 Bonds provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bond on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds from gross income of the holders thereof.

Section 10.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 10.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Bond.

Section 10.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 10.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed. The Ordinance approved on first and second reading on May 19, 1994, and May 26, 1994, respectively, and effective after public hearing on June 19, 1994, regarding Sewer Revenue Bonds, Series 1994, is hereby repealed and superseded by this Bond Legislation.

Section 10.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen,

to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

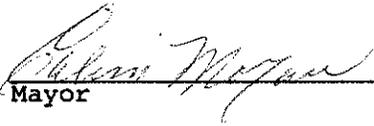
Section 10.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in a qualified newspaper published and of general circulation in the Town of Sophia, together with a notice stating that this Bond legislation has been adopted and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the Town Council upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading - June 15, 1995.

Passed on Second Reading - June 29, 1995.

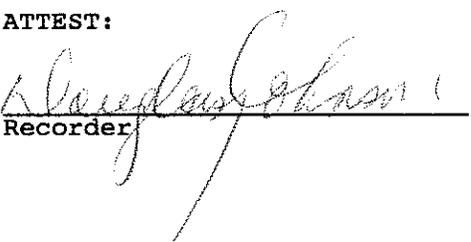
Passed on Final Reading
Following Public Hearing - July 20, 1995.

TOWN OF SOPHIA, WEST VIRGINIA

By: 
Mayor

[SEAL]

ATTEST:


Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the council of the TOWN OF SOPHIA on the 20th day of July, 1995.

Dated: July 24, 1995.

[SEAL]


Recorder

Exhibit A - Loan Agreement

(See Tab 9)

STATE OF WEST VIRGINIA
 COUNTY OF RALEIGH
 MUNICIPALITY OF SOPHIA

TO WIT:

Special meeting of the Common Council at the usual meeting place 10:00 A.M.
 June 16, 1995. Present were Mayor, Calvin Moran, Recorder, Doug Johnson.
 Council: Coy Barr, Albert Veneri, Tom McKinney.

The first reading of the Sewer Revenue Bonds Ordinance was presented.

TOWN OF SOPHIA, WEST VIRGINIA

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF SOPHIA, WEST VIRGINIA BY CONSTRUCTION OF IMPROVEMENTS TO THE SEWER SYSTEM AND OTHER MATTERS; AUTHORIZING THE ISSUANCE BY THE TOWN OF ITS SEWER REVENUE BONDS IN THE AGGREGATE AMOUNT OF \$156,705, SERIES 1995 TO PAY THE COSTS OF SUCH CONSTRUCTION; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

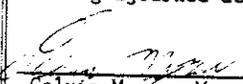
Motion made by Tom McKinney and Seconded by Coy Barr to accept the Reading.
 Motion Carried by All.

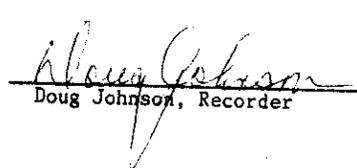
The Second reading will be held June 28, 1995 at 10:00 A.M..

Motion made by Tom McKinney, Seconded by Albert Veneri, to pay the State Road Commission their \$1900.00 fee in relation to the Sewer line extension on Robert C. Byrd Drive. Motion Carried by All.

By mutual agreement, the Contract with E.W. Stump Excavating, Contractor was cancelled. \$5000.00 dollars was paid for the work already done. Discussion followed who will finish the job.

Meeting ajourned at 10:30 A.M.


 Calvin Moran, Mayor


 Doug Johnson, Recorder

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH
MUNICIPALITY OF SOPHIA

TO WIT:

Special meeting of the Sophia Town Council at 10:00 A.M. on June 29, 1995 at Regular meeting place. Present: Calvin Moran, Mayor, Doug Johnson, Recorder. Council: Coy Barr, Albert Veneri, Tom McKinney, and Carman Rasmussen. Absent: Ron Taylor.

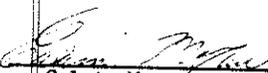
The purpose of the meeting was for the Second reading of Sewer Bond Issue. Motion made by Coy Barr to accept the Second reading. Seconded by Carman Rasmussen. Carried by All.

Brief report on the Sewage Plant was given by Calvin Moran. The work was progressing satisfactorily.

The extension of the Sewer line to Priddy's was discussed by Mayor Moran and Council. Arthur Gray was discussed to finish the Sewer line to Priddy's. Council agreed this was a good choice.

Police sinority was discussed. This involved overtime. Mayor will discuss this with the Police Chief.

Meeting ajourned at 10:15 A.M..


Calvin Moran, Mayor


Doug Johnson, Recorder

STATE OF WEST VIRGINIA
 COUNTY OF RALEIGH
 MUNICIPALITY OF SOPHIA

TO WIT:

Monthly meeting of the Sophia Town Council held July 20, 1995 at the regular meeting place. 7:00 P.M.. Present: Calvin Moran, Mayor, Carmen Rasmussen, Tom McKinney, Ron Taylor, Coy Barr, Albert Veneri. Absent: Doug Johnson, Recorder.

Ron Taylor moved and Tom McKinney Seconded to accept Minutes of the last meeting. Carried by All.

Tom McKinney moved and Ron Taylor Seconded to accept Financial statement. Carried by All.

Old Business: Resolution to increase Coal Severance Tax for 1995-96 from 2500.00 to 3244.00. Motion to accept by Ron Taylor, Seconded by Tom McKinney. Carried by All.

Third reading of the Bond Issue. Motion to accept as final reading by Tom McKinney, Seconded by Albert Veneri. Carried by All.

Angie Vealey of Smith, Cochran & Hicks advised the Bond closing is scheduled for Monday July 24, 1995 in Dunbar, WV. Board requires the Town to pass Resolution establishing Sunshine Law. Motion for Resolution by Ron Taylor, Seconded by Tom McKinney. Carried by All.

Draw on Small Cities Block Grant: Motion to pay invoices, Smith, Cochran & Hicks, made by Tom McKinney, Seconded by Coy Barr. Carried by All.

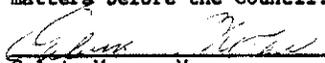
New Business: James Taylor inquiring about recreational equipment. Need plans to get it installed. Advised that Lisa Lambert is chairman of Recreational Comm. and Coy Barr will contact her regarding putting out fliers requesting local volunteers to install equipment.

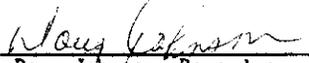
Jeff Pittman advised new Officers were elected for Fire Dept. He presented Financial Statement, approved by full vote of Council. Fire Fee Ordinance was made motion to accept by Ron Taylor, Seconded by Albert Veneri. Carried by All.

Danny Porter reported the water Sophia tank empty. Midway tank $\frac{1}{2}$ full. The pump is in need of repair & Mr. Porter says we can pump from the Midway tank on temporary basis. If part is in stock we may experience water outage. He requested Public Service announcement at WOAY requesting citizens served by Sophia Water Works conserve water until further notice. Mayor Moran requested Ms. Rasmussen to call TV station regarding announcement.

Motion to adjourn by Ron Taylor, and Seconded by Ms. Rasmussen.

The Council proceeded to Executive session for discussion of personnel matters before the Council.


 Calvin Moran, Mayor


 Doug Johnson, Recorder

Minutes were taken by Carmen Rasmussen.

NOTICE TO RESIDENTS OF
THE TOWN OF SOPHIA, RALEIGH COUNTY, WEST VIRGINIA,
AND OTHER PERSONS INTERESTED IN ORDINANCE FOR
PROPOSED ISSUANCE OF \$156,705 SEWER REVENUE BONDS,
SERIES 1995

Pursuant to the provisions of West Virginia Code Chapter 16, Article 13, as amended, you hereby notified that at a meeting of the Town Council of the Town of Sophia, West Virginia (the "Town"), held on the 29th day of June, 1995, Town Council passed and adopted on second reading an Ordinance (the "Ordinance") authorizing the issuance of Sewer Revenue Bonds, Series 1995 (the "Bonds"), of the Town in an amount of \$156,705. The Bonds will provide funds to finance part of the cost of the acquisition and construction of betterments and improvements for the existing sewer system of the Town including the construction of new and replacement lines and other improvements within the Town.

The entire amount of the principal of and interest on the Bonds will be paid solely and only from the revenues received from operation of the sewer system of the Town to be amortized over a period of 38 years. The Ordinance provides provisions with respect to the final interest rate which may be but cannot exceed 6.75% per annum which may be finally determined therein or by supplemental resolution.

A certified copy of the Ordinance and a copy of the plans and specifications of the proposed project are available for examination by any interested person at the Mayor's Office during regular office hours of such office which are 8:00 a.m. to 4:00 p.m. Monday through Friday.

A public hearing will be held before Town Council in Council Chambers on the 20th day of July, 1995, at 6:30 p.m. and any person or persons interested may appear before Council and be heard as to whether or not the Ordinance shall be put into effect. All suggestions, protests and objections to the issuance of the Bonds will be heard by Town Council.

Dated this 3rd day of July, 1995.

THE TOWN OF SOPHIA
Raleigh County, West Virginia

Calvin Moran, Mayor
Douglas Johnson, Recorder

PUBLISH AS CLASS II NOTICE ON JULY 7 AND JULY 14, 1995

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

July 14, 19 95

STATE OF WEST VIRGINIA
 COUNTY OF RALEIGH, to wit:

I, Robert E. Zutaut being first duly sworn upon my oath, do depose and say that I am Advertising Manager of Beckley Newspapers Inc., a corporation, publisher of the newspaper entitled The Register-Herald, an Independent newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published daily, for at least fifty weeks during the calendar year, in the municipality of Beckley, Raleigh County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices; that the annexed notice

of Notice
 (Description of notice)

was duly published in said newspaper once a week for 2
 successive weeks (Class II), commencing with the issue of the
7th day of July 1995, and ending with the issue
 of the 14th day of July 1995, (and was posted at the

on the _____ day of _____); that said annexed
 notice was published on the following dates: 7/7/14/95

and that the
 cost of publishing said annexed notice as aforesaid was \$ 55.94

Signed Robert E. Zutaut
 Robert E. Zutaut, Advertising Manager
 Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this
14th day of July 1995

My commission expires March 27, 2001

Notary Public
 State of West Virginia
 DIANA L. SLONE
 BECKLEY NEWSPAPER
 P. O. BOX 1150
 BECKLEY, WV 25801
 My Commission Expires March 27, 2001

R/H

COPY OF PUBLICATION

NOTICE TO RESIDENTS OF
 THE TOWN OF SOPHIA,
 RALEIGH COUNTY,
 WEST VIRGINIA, AND
 OTHER PERSONS
 INTERESTED IN
 ORDINANCE FOR PROPOSED
 ISSUANCE OF \$156,705
 SEWER REVENUE BONDS.
 SERIES 1995.

Pursuant to the provisions of West Virginia Code Chapter 16, Article 13, as amended, you are hereby notified that at a meeting of the Town Council of the Town of Sophia, West Virginia (the "Town"), held on the 29th day of June, 1995, Town Council passed and adopted on second reading an Ordinance (the "Ordinance") authorizing the issuance of Sewer Revenue Bonds, Series 1995 (the "Bonds"), of the Town in an amount of \$156,705. The Bonds will provide funds to finance part of the cost of the acquisition and construction of betterments and improvements for the existing sewer system of the Town including the construction of new and replacement lines and other improvements within the Town.

The entire amount of the principal of and interest on the Bonds will be paid solely and only from the revenues received from operation of the sewer system of the Town to be amortized over a period of 38 years. The Ordinance provides provisions with respect to the final interest rate which may be but cannot exceed 8.75% per annum which may be finally determined therein or by supplemental resolution.

A certified copy of the Ordinance and a copy of the plans and specifications of the proposed project are available for examination by any interested person at the Mayor's Office during regular office hours at such office which are 8:00 AM to 5:00 PM Monday through Friday.

A public hearing will be held before Town Council in Council Chambers on the 20th day of July, 1995, at 8:30 PM and any person or persons interested may appear before Council and be heard as to whether or not the Ordinance shall be put into effect. All suggestions, protests and objections to the issuance of the Bonds will be heard by Town Council.

Dated this 3rd day of July, 1995.
 THE TOWN OF SOPHIA,
 Raleigh County,
 West Virginia
 Calvin Moran, Mayor
 Douglas Johnson, Recorder
 7-14-Fri-2-RH

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

TOWN OF SOPHIA

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

1.9 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources' (or in the process of preparation by such

Now administered by the West Virginia Division of Environmental Protection.

and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

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

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

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the

to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

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

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

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

term is defined in the Code) from time to time as the Authority may request.

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

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

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

4.4 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.5 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the

the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19____, effective _____, 19____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19____.

1. The Bonds are being issued for the purpose of _____

(the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (vi) that the net proceeds of the Bonds, together with all other moneys on deposit or to be

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to _____
(the "Governmental Agency"), a _____
_____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning _____ 1, 19____, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

| <u>Year</u> | <u>Installment</u> | <u>Interest Rate</u> |
|-------------|--------------------|----------------------|
|-------------|--------------------|----------------------|

The Local Bonds are issued for the purpose of _____
_____ and paying certain issuance and other costs
in connection therewith.

We have also examined the applicable provisions of _____
_____ of the Code of West Virginia, 1931, as

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

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

Very truly yours,

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 156,705

Purchase Price of Local Bonds \$ 156,705

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 6.75 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to source of and security for payment with the following obligations:

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1994 SERIES A LOCAL LOAN PROGRAM

BOND DEBT SERVICE

West Virginia Water Development Authority
Town of Sophia
\$156,705

Dated Date 7/24/1995
Delivery Date 7/24/1995

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|----------|--------------|---------------------|
| Jul 24, 1995 | - | - | - | - | - |
| Oct 1, 1995 | - | - | 1,968.61 | 1,968.61 | 1,968.61 |
| Apr 1, 1996 | - | - | 5,288.79 | 5,288.79 | - |
| Oct 1, 1996 | 965.00 | 6.750% | 5,288.79 | 6,253.79 | 11,542.58 |
| Apr 1, 1997 | - | - | 5,256.23 | 5,256.23 | - |
| Oct 1, 1997 | 1,030.00 | 6.750% | 5,256.23 | 6,286.23 | 11,542.46 |
| Apr 1, 1998 | - | - | 5,221.46 | 5,221.46 | - |
| Oct 1, 1998 | 1,099.00 | 6.750% | 5,221.46 | 6,320.46 | 11,541.92 |
| Apr 1, 1999 | - | - | 5,184.37 | 5,184.37 | - |
| Oct 1, 1999 | 1,173.00 | 6.750% | 5,184.37 | 6,357.37 | 11,541.74 |
| Apr 1, 2000 | - | - | 5,144.78 | 5,144.78 | - |
| Oct 1, 2000 | 1,253.00 | 6.750% | 5,144.78 | 6,397.78 | 11,542.56 |
| Apr 1, 2001 | - | - | 5,102.49 | 5,102.49 | - |
| Oct 1, 2001 | 1,337.00 | 6.750% | 5,102.49 | 6,439.49 | 11,541.98 |
| Apr 1, 2002 | - | - | 5,057.37 | 5,057.37 | - |
| Oct 1, 2002 | 1,427.00 | 6.750% | 5,057.37 | 6,484.37 | 11,541.74 |
| Apr 1, 2003 | - | - | 5,009.21 | 5,009.21 | - |
| Oct 1, 2003 | 1,524.00 | 6.750% | 5,009.21 | 6,533.21 | 11,542.42 |
| Apr 1, 2004 | - | - | 4,957.77 | 4,957.77 | - |
| Oct 1, 2004 | 1,626.00 | 6.750% | 4,957.77 | 6,583.77 | 11,541.54 |
| Apr 1, 2005 | - | - | 4,902.90 | 4,902.90 | - |
| Oct 1, 2005 | 1,736.00 | 6.750% | 4,902.90 | 6,638.90 | 11,541.80 |
| Apr 1, 2006 | - | - | 4,844.31 | 4,844.31 | - |
| Oct 1, 2006 | 1,853.00 | 6.750% | 4,844.31 | 6,697.31 | 11,541.62 |
| Apr 1, 2007 | - | - | 4,781.77 | 4,781.77 | - |
| Oct 1, 2007 | 1,979.00 | 6.750% | 4,781.77 | 6,760.77 | 11,542.54 |
| Apr 1, 2008 | - | - | 4,714.98 | 4,714.98 | - |
| Oct 1, 2008 | 2,112.00 | 6.750% | 4,714.98 | 6,826.98 | 11,541.96 |
| Apr 1, 2009 | - | - | 4,643.70 | 4,643.70 | - |
| Oct 1, 2009 | 2,255.00 | 6.750% | 4,643.70 | 6,898.70 | 11,542.40 |
| Apr 1, 2010 | - | - | 4,567.59 | 4,567.59 | - |
| Oct 1, 2010 | 2,407.00 | 6.750% | 4,567.59 | 6,974.59 | 11,542.18 |
| Apr 1, 2011 | - | - | 4,486.35 | 4,486.35 | - |
| Oct 1, 2011 | 2,569.00 | 6.750% | 4,486.35 | 7,055.35 | 11,541.70 |
| Apr 1, 2012 | - | - | 4,399.65 | 4,399.65 | - |
| Oct 1, 2012 | 2,743.00 | 6.750% | 4,399.65 | 7,142.65 | 11,542.30 |
| Apr 1, 2013 | - | - | 4,307.07 | 4,307.07 | - |
| Oct 1, 2013 | 2,928.00 | 6.750% | 4,307.07 | 7,235.07 | 11,542.14 |
| Apr 1, 2014 | - | - | 4,208.25 | 4,208.25 | - |
| Oct 1, 2014 | 3,126.00 | 6.750% | 4,208.25 | 7,334.25 | 11,542.50 |
| Apr 1, 2015 | - | - | 4,102.75 | 4,102.75 | - |
| Oct 1, 2015 | 3,337.00 | 6.750% | 4,102.75 | 7,439.75 | 11,542.50 |
| Apr 1, 2016 | - | - | 3,990.13 | 3,990.13 | - |
| Oct 1, 2016 | 3,562.00 | 6.750% | 3,990.13 | 7,552.13 | 11,542.26 |
| Apr 1, 2017 | - | - | 3,869.91 | 3,869.91 | - |
| Oct 1, 2017 | 3,802.00 | 6.750% | 3,869.91 | 7,671.91 | 11,541.82 |
| Apr 1, 2018 | - | - | 3,741.59 | 3,741.59 | - |
| Oct 1, 2018 | 4,059.00 | 6.750% | 3,741.59 | 7,800.59 | 11,542.18 |
| Apr 1, 2019 | - | - | 3,604.60 | 3,604.60 | - |
| Oct 1, 2019 | 4,333.00 | 6.750% | 3,604.60 | 7,937.60 | 11,542.20 |
| Apr 1, 2020 | - | - | 3,458.36 | 3,458.36 | - |
| Oct 1, 2020 | 4,625.00 | 6.750% | 3,458.36 | 8,083.36 | 11,541.72 |

BOND DEBT SERVICE

West Virginia Water Development Authority
Town of Sophia

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|------------|--------|------------|--------------|------------------------|
| Apr 1, 2021 | - | - | 3,302.27 | 3,302.27 | - |
| Oct 1, 2021 | 4,937.00 | 6.750% | 3,302.27 | 8,239.27 | 11,541.54 |
| Apr 1, 2022 | - | - | 3,135.65 | 3,135.65 | - |
| Oct 1, 2022 | 5,271.00 | 6.750% | 3,135.65 | 8,406.65 | 11,542.30 |
| Apr 1, 2023 | - | - | 2,957.75 | 2,957.75 | - |
| Oct 1, 2023 | 5,627.00 | 6.750% | 2,957.75 | 8,584.75 | 11,542.50 |
| Apr 1, 2024 | - | - | 2,767.84 | 2,767.84 | - |
| Oct 1, 2024 | 6,006.00 | 6.750% | 2,767.84 | 8,773.84 | 11,541.68 |
| Apr 1, 2025 | - | - | 2,565.14 | 2,565.14 | - |
| Oct 1, 2025 | 6,412.00 | 6.750% | 2,565.14 | 8,977.14 | 11,542.28 |
| Apr 1, 2026 | - | - | 2,348.73 | 2,348.73 | - |
| Oct 1, 2026 | 6,844.00 | 6.750% | 2,348.73 | 9,192.73 | 11,541.46 |
| Apr 1, 2027 | - | - | 2,117.75 | 2,117.75 | - |
| Oct 1, 2027 | 7,306.00 | 6.750% | 2,117.75 | 9,423.75 | 11,541.50 |
| Apr 1, 2028 | - | - | 1,871.17 | 1,871.17 | - |
| Oct 1, 2028 | 7,800.00 | 6.750% | 1,871.17 | 9,671.17 | 11,542.34 |
| Apr 1, 2029 | - | - | 1,607.92 | 1,607.92 | - |
| Oct 1, 2029 | 8,326.00 | 6.750% | 1,607.92 | 9,933.92 | 11,541.84 |
| Apr 1, 2030 | - | - | 1,326.92 | 1,326.92 | - |
| Oct 1, 2030 | 8,888.00 | 6.750% | 1,326.92 | 10,214.92 | 11,541.84 |
| Apr 1, 2031 | - | - | 1,026.95 | 1,026.95 | - |
| Oct 1, 2031 | 9,488.00 | 6.750% | 1,026.95 | 10,514.95 | 11,541.90 |
| Apr 1, 2032 | - | - | 706.73 | 706.73 | - |
| Oct 1, 2032 | 10,128.00 | 6.750% | 706.73 | 10,834.73 | 11,541.46 |
| Apr 1, 2033 | - | - | 364.91 | 364.91 | - |
| Oct 1, 2033 | 10,812.00 | 6.750% | 364.91 | 11,176.91 | 11,541.82 |
| | 156,705.00 | | 283,860.83 | 440,565.83 | 440,565.83 |

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;
- (iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

2. "System" means a sewage collection system and/or (a) treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or a treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Division of Environmental Protection.

2. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Division of Environmental Protection.

3. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services

of either system until all delinquent charges for the services of the System have been fully paid.

4. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

5. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

6. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

"RESOLUTION ESTABLISHING RULES BY WHICH THE TIME AND PLACE OF ALL REGULARLY SCHEDULED MEETINGS AND THE TIME, PLACE AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND NEWS MEDIA AND PROVIDING WHEN THIS RESOLUTION AND SUCH RULES SHALL TAKE EFFECT."

Be it Resolved and Ordered by Council of the Town of Sophia, Raleigh County, West Virginia:

Section 1. Statutory Mandate for These Rules. The rules established in and by this Resolution are mandated by and promulgated pursuant to Chapter 6, Article 9A, of the Code of West Virginia, 1931, as amended (herein called the "Act"), and other applicable provisions of law.

Section 2. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Section 3 of the Act requires each governing body, as defined in the Act, to promulgate rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are made available, in advance, to the public and news media.

(B) The Council of the Town of Sophia, Raleigh County, West Virginia (herein called the "Council"), is a governing body within the meaning of the Act.

(C) Accordingly, it is hereby ordered that the rules set out in Section 3 hereof be promulgated and established as Rules of Procedure of the Council.

Section 3. Rules. The following are hereby promulgated and established as Rules of Procedure of the Council:

Rules No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of this Resolution and in July of each year thereafter, the Council shall instruct the Recorder to, and the Recorder shall, post, and leave posted throughout the year to which it applies, at the regular meeting place where notices customarily are posted, a notice setting forth the times and places of the Council's regularly scheduled meetings for the ensuing year. Such notice shall be of size and style sufficient to give notice and shall be of quality sufficient to withstand deterioration throughout the year to which it applies. Additional copies of the notice shall be delivered to the Recorder.

Also, immediately after adoption of this Resolution and in July of each year thereafter, the Council shall instruct the Recorder to, and the Recorder shall, distribute to each of the newspapers, television stations, radio stations and other news media listed below a notice identical to that posted.

News Media

Address

The Register-Herald

Drawer P or R
Beckley, WV 25801

(PLEASE PROVIDE A LIST OF OTHER NEWSPAPERS,
TELEVISION AND RADIO STATIONS THE COUNCIL WILL
NOTIFY OF MEETINGS)

(The remainder of this page is intentionally left blank.)

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the new medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States Mail. In June of each year after the adoption of this Resolution, the Council shall review the above list and shall amend such list as needed, in the opinion of the Council, to reflect properly all the newspapers, television stations, radio stations and other news media that customarily covers news of the area served by the Council.

In the event of any modification in the time or place of a regularly scheduled meeting of the Council, notice of such modification shall be given to the public and news media by posting at the place and distributing to the new media in the manner set forth above, not less than three (3) days prior to the date of such regularly scheduled meeting, or, if such regularly scheduled meeting has been rescheduled for an earlier time, prior to the date of such rescheduled meeting, a notice setting forth such modification in the time or place of such regularly scheduled meeting. A copy of such notice shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of a regularly scheduled meeting and of the time and place for the continuation or reconvening thereof publicly given during such regularly scheduled meeting shall be adequate notice to the public and news media of the time and place thereof.

Provided, failure of the Recorder to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Council shall determine that such posting and distribution were in substantial compliance herewith.

Rule No. 2. Notice of Special Meeting. Not less than three (3) but not more than eight (8) days prior to the date set for any special meeting of the Council, the Council shall instruct the Recorder to, and the Recorder shall, post on the door of the regular meeting place of the Council, and at such other place, if any, where notices customarily are posted a notice setting forth the time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than three (3) days prior to the date set for such special meeting, the Recorder shall distribute to each of the newspapers, televisions stations, radio stations and other news media listed in Rule No. 1 hereof a notice identical to that posted. Amendments made to such list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in

writing requested be used, marked or stamped with first class postage and deposited in the United States Mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of any special meeting and of the time and place for such special meeting shall be adequate notice to the public and news media of the time and place thereof, the purpose or purposes therefor remaining the same.

Provided, failure of the Recorder to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Council shall determine that such posting and distribution were in substantial compliance herewith.

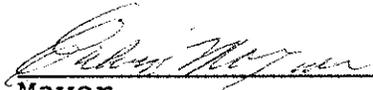
Rule No. 3. Emergency Meeting. A meeting as of the Council may be held without the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of any emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Council and shall be attested to in a Certificate by the Recorder describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Section 4. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

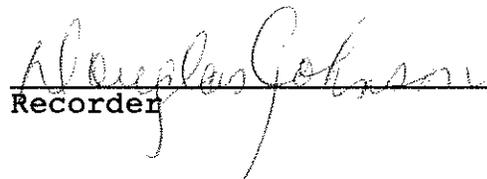
Section 5. Effective Time. This Resolution and the rules promulgated hereby shall take effect immediately upon the adoption hereof.

Introduced at Council Meeting: July 20, 1995

Adopted by Council: July 20, 1995



Mayor



Recorder

[SEAL]

AN ORDINANCE OF THE TOWN OF SOPHIA AMENDING AND REENACTING THE ESTABLISHMENT AND FIXING OF RATES, CHARGES AND DELAYED PENALTY CHARGES FOR SANITARY SEWER SERVICES FOR CUSTOMERS OF THE SANITARY SEWER SYSTEM OF THE TOWN OF SOPHIA, RALEIGH COUNTY, WEST VIRGINIA

WHEREAS, The Council of the Town of Sophia, Raleigh County, West Virginia, deems the present rates and charges for the furnishing of sanitary sewer service throughout the entire territory served by the Town of Sophia to be inadequate and provide insufficient revenue for the operation and maintenance of the Town of Sophia's proposed upgrade of its wastewater treatment system, and for the payment of sums required to pay the principal of, and interest on, all sewer revenue bonds as the same become due, together with all amounts required for reserve funds for payment of financing costs for the proposed project; and,

WHEREAS, it would be in the best interest of the Town of Sophia, its residents and users of its sanitary sewer system to increase the sanitary sewer rates in order to adequately fund the maintenance and improvements which are proposed for the system; and,

WHEREAS, there is hereby established a schedule of just and equitable rates, charges and delayed payment penalties for the use of any service rendered by the Town of Sophia's wastewater treatment system, which schedule of rates, charges, and delayed payment penalties is based upon the metered amount of water supplied to the premises.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED by the Council of the Town of Sophia, Raleigh County, West Virginia:

ARTICLE I

Statutory Authority, Findings and Determinations

Section 1. This Ordinance is enacted pursuant to the provisions and requirements of Chapter Eight and Chapter Twenty-four, of the Code of West Virginia, one thousand nine hundred thirty-one, as amended and other applicable provisions of the laws of the State of West Virginia.

Section 2. It is hereby found, determined and declared as follows: That rates and charges are now in effect for the furnishing of sanitary sewer service to the customers of the Town of Sophia who are residents of the Town of Sophia, located in Raleigh County, West Virginia, and its other customers, are not adequate to provide sufficient revenue to repair, maintain and operate the sanitary sewer system of said Town and meet the debt service requirements contemplated for the proposed improvements by the Town of Sophia payable from revenues of its sanitary sewer system.

ARTICLE II

Establishing and Fixing Rates, Charges and
Delayed Penalty Charges

The following schedules of rates, charges and delayed payment penalty charges shall be and they are hereby fixed and determined as the rates, charges and delayed penalty charges to be charged to and paid by customers of the sanitary sewer system of the Town of Sophia throughout the entire territory served.

SECTION 1. SCHEDULES:

SEWER SCHEDULE NO. 1

APPLICABILITY

Applicable inside the Town limits

AVAILABILITY

Available for sanitary sewerage service in the territory served.

(A) RATES

The rate shall be based upon metered water usage

0 - 2,000 gallons per month \$3.26 per 1,000 gallons
2,000 - 6,000 gallons per month \$2.34 per 1,000 gallons
6,000 - 26,000 gallons per month \$2.12 per 1,000 gallons
All over 26,000 gallons per month \$1.70 per 1,000 gallons

(B) MINIMUM CHARGE

The minimum monthly charge to any user of the sewerage system shall be based upon two thousand gallons or six dollars and fifty-one cents (\$6.51).

(C) NON-METERED

Where the customer has no water meter or where a substantial portion of the water consumed is not metered, the minimum monthly charge shall be ten dollars and two cents (\$10.02), or thirty-five hundred gallons.

SEWER SCHEDULE NO. 2

APPLICABILITY

Applicable outside the Town limits

AVAILABILITY

Available for sanitary sewerage service in the territory served.

(A) RATES

The rate shall be based upon metered water usage

0 - 2,000 gallons per month \$3.82 per 1,000 gallons
2,000 - 6,000 gallons per month \$2.76 per 1,000 gallons
6,000 - 26,000 gallons per month \$2.12 per 1,000 gallons
All over 26,000 gallons per month \$2.02 per 1,000 gallons

(B) MINIMUM CHARGE

The minimum monthly charge to any user of the sewerage system shall be based upon two thousand gallons or seven dollars and sixty-five cents (\$7.65).

(C) NON-METERED

Where the customer has no water meter or where a substantial portion of the water consumed is not metered, the minimum monthly charge shall be eleven dollars and seventy-nine cents (\$11.79), or thirty-five hundred gallons.

SEWER SCHEDULE NO. 3

APPLICABILITY

Applicable to the entire territory served

(A) DELAYED PAYMENT PENALTY

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

(B) SERVICE CONNECTION FEE

All customers connecting to the sanitary sewer system before or during construction of a new line extension shall be charged one hundred and fifty dollars (\$150.00) connection fee. All customers connecting to the sanitary sewer system after construction of a new line extension shall be charged two hundred and fifty dollars (\$250.00) connection fee.

(C) SERVICE RECONNECTION FEE

If service is discontinued for failure to pay a bill when due, a disconnection charge of Twenty dollars (\$20.00) will be assessed and if service is reinstated, a reconnection charge of twenty dollars (\$20.00) will be assessed.

(D) CUSTOMER CHECK RETURN CHARGE

When any check is received for payment of a customer's account, which check is later returned unpaid due to there being insufficient funds in the account of the payer to satisfy said amount or for any other reason, the customer will have imposed a ten dollar (\$10.00) charge.

(E) METER DEPOSIT

The Town of Sophia shall charge any party or parties a flat rate of fifty dollars (\$50.00) as a deposit on any new account.

Section 2. The schedule of rates, charges and delayed payment penalties herein established and fixed shall be effective as to all bills rendered on or after the date a Certificate of Convenience and Necessity has been issued by the Public Service Commission of West Virginia for the contemplated improvements to the Town of Sophia's sanitary wastewater treatment system and the proposed project is granted a Certificate of Substantial Completion by the project engineer, or as soon thereafter as legally permissible.

Section 3. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this ordinance are, to the extent of such conflict, hereby repealed.

Section 4. The Mayor of the Town of Sophia and the Sanitary Board of said Town are hereby authorized and directed to have prepared and filed with the Public Service Commission of West Virginia, new tariffs or tariff sheets reflecting the sanitary sewer service rates and charges as herein ordained and to perform all other acts required by the statutes and laws of this State and valid applicable rules and regulations promulgated by the Public Service Commission of West Virginia, to fully effectuate the provisions of this ordinance.

Section 5. The Town Recorder is hereby authorized and directed to publish, and post as required by law, a notice of the proposed adoption of this ordinance as a Class II legal advertisement in compliance with the requirements of Chapter Eight, Article Eleven and Chapter Fifty-Nine, Article Three of the Code of West Virginia, one thousand nine hundred thirty-one, as amended, in the Becley Registered Herald newspaper of general circulation in the Town, with such notice stating the subject matter and title of the ordinance, the date, time and place of the council meeting which will consider the adoption of the ordinance, and such other information as may be required by law, and that any person interested may appear before the council on such date, the date being not less than five (5) days after the publication of said notice, at which time and place all parties and interests may be heard with respect to the adoption of this ordinance, and said notice shall be on file in the Office of the Town Recorder, and shall be posted at the Raleigh County Courthouse, and at the

Sanitary Board Office building for review by interested persons during the regular office hours of such offices, and with such other information as the Town Recorder may determine to be necessary.

This Ordinance will be effective upon second reading and adoption, and the rates, charges, and delayed penalty charges herein shall become effective as specified in the Ordinance.

A Public hearing regarding the rate increase provided by this Ordinance will be held on October 21, 1993 beginning at 6:00 p.m., in the Town Hall located at Railroad Avenue in the Town of Sophia, Raleigh County, West Virginia.

This Ordinance was introduced and read for the first time at a regular meeting of Town Council held on September 16, 1993, and was read a second time and adopted at a regular meeting of the Town Council held on the 21st day of October, 1993.

Passed on First Reading September 16, 1993

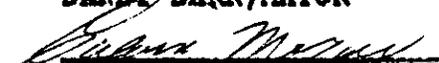
Public Hearing held on October 21, 1993

Second and Final reading October 21, 1993

Adopted October 21, 1993



This ordinance Prepared by:
Mayor Danny Barr
P.O. Box 700
Sophia, West Virginia 25921


DANNY BARR, MAYOR

CALVIN MORAN, RECORDER

POSTER'S CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF RALEIGH, to-wit:

I, DANNY BARR, a credible person over the age of 21 years and Mayor of the Town of Sophia, do certify that the annexed ordinance was posted by me at the Sophia Town Hall, Sophia, Raleigh County, West Virginia and that I posted the same at the Raleigh County Courthouse at Beckley, Raleigh County, West Virginia on the 22 day of OCTOBER, 1993.

Given under my hand this the 22 day of OCTOBER, 1993.

Danny Barr
MAYOR, TOWN OF SOPHIA

Taken, subscribed and sworn to before me on this the 22 day of October, 1993.

My commission expires December 16, 2002.

Dann Bolen
NOTARY PUBLIC



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: January 5, 1994

FINAL

1-25-94

CASE NO. 93-0856-S-CN

TOWN OF SOPHIA, a municipal corporation,
Raleigh County.

Application for a certificate of convenience and necessity to upgrade and construct a wastewater treatment plant to meet effluent requirements at Sophia, Raleigh County, and for approval of financing incidental thereto.

RECOMMENDED DECISION

On September 17, 1993, the Town of Sophia (Sophia), West Virginia, a municipal corporation, filed with the Public Service Commission (the Commission), pursuant to West Virginia Code §24-2-11, a duly certified application for a certificate of convenience and necessity to upgrade existing treatment facilities at Sophia's sewer treatment plant to meet effluent requirements and for approval of financing incidental thereto.

On September 20, 1993, the Commission directed Sophia to publish the Notice of Filing. The Notice of Filing provided that, if no substantial protests to the application were filed within thirty (30) days after date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On October 4, 1993, Staff Attorney Ronald E. Robertson, Jr., filed the Initial Joint Staff Memorandum, indicating that Commission Staff was reviewing the application and would be filing a final recommendation as soon as its review was complete.

On October 13, 1993, the Commission Referral Order was entered in this proceeding, referring this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before April 14, 1994.

On October 16, 1993, the required affidavit of publication, certifying that the notice of filing was published on September 27, 1993, in The Register-Herald of Beckley, West Virginia, was received by the Commission.

On October 25, 1993, the undersigned ALJ issued a Procedural Order establishing a procedural schedule for this matter, including setting it for hearing on January 6, 1994.

On November 28, 1993, the Commission received proof that the Town of Sophia had adopted a validly enacted municipal ordinance which set forth

the rates and charges the Town of Sophia deemed necessary to support this project.

On January 3, 1994, the Final Joint Staff Memorandum was filed, recommending approval of the application and cancellation of the hearing. In an attached December 14, 1993, memorandum, Staff Engineer James Ellars and Utilities Analyst Sterling E. Bare, both of the Utilities Division, Water and Sewer Section of the Commission, stated that the estimated project costs of \$810,705 will be paid by an \$574,000 Small Cities Block Grant, a \$156,705 Water Development Authority loan, and \$80,000 in surcharges. Staff also opined that the rates the Town of Sophia adopted will adequately cover the estimated costs associated with the project. Staff stated that the existing treatment facilities, built in 1951 and consisting of a trickling filter process, cannot meet current discharge limitations and that Sophia has entered into a Consent Decree in Raleigh County Circuit Court Civil Action No. 90-C-1400-C requiring an upgrade to the existing treatment process. The project will replace the outdated trickling filter process with an activated sludge process. Staff described the project as consisting of the construction of a new 0.35 MGD sequencing batch reactor system, the conversion of existing vessels into a pre-aeration basin, aerobic digester, and chlorine contact tank, with subsequent dechlorination and post aeration, and the upgrade of an existing lift station. Staff agreed with Sophia's engineer's conclusion that the project will lower capital costs, will be environmentally sound, and will be capable of meeting effluent limitations under the National Pollutant Discharge Elimination System.

FINDINGS OF FACT

1. On September 17, 1993, the Town of Sophia (Sophia), West Virginia, a municipal corporation, filed with the Public Service Commission a duly certified application for a certificate of convenience and necessity to upgrade existing treatment facilities at Sophia's sewer treatment plant to meet effluent requirements and for approval of financing incidental thereto.
2. The proposed project will replace Sophia's outdated trickling filter process with an activated sludge process, and Staff recommended approval of the application. (See Final Joint Staff Memorandum filed January 3, 1994).
3. The cost of the project will total approximately \$810,705, and will be paid for by a \$574,000 Small Cities Block Grant, a \$156,705 Water Development Authority loan, and \$80,000 in surcharges. (See Final Joint Staff Memorandum filed January 3, 1994).
4. No protests were filed in response to publication of the Notice of Filing in The Register-Herald of Beckley, West Virginia.
5. The Town of Sophia's ordinance regarding the rates to be charged for this project was duly adopted on October 21, 1993. (November 28, 1993 Submission).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.
2. The proposed project is adequately financed and economically feasible.
3. Since the Staff recommendation that the application for a certificate of convenience and necessity should be approved is reasonable and no protests have been filed, it is determined that the application should be approved.
4. By separate Order, the procedural schedule established by Procedural Order of October 25, 1993, should be cancelled.

ORDER

IT IS THEREFORE ORDERED that the application filed by the Town of Sophia for a certificate of convenience and necessity to upgrade existing treatment facilities at Sophia's sewer treatment plant to meet effluent requirements be, and hereby is, approved, as filed on September 17, 1993.

IT IS FURTHER ORDERED that the financing for the project be, and hereby is, approved.

IT IS FURTHER ORDERED that, if there is a change in any of the terms, conditions or scheduling of the project, or the financing of the project, the Town of Sophia is hereby required to notify the Public Service Commission and file for Commission approval of a revised project and financing.

IT IS FURTHER ORDERED that the Town of Sophia file with the Commission's Tariff Office a tariff reflecting its rates and charges as adopted by its new rate ordinance.

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

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Sunya Anderson
Administrative Law Judge

SA:mal



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

November 19, 1991

The Honorable Danny Barr
Mayor
Town of Sophia
P.O. Box 700
Sophia, WV 25921

Dear Mayor Barr:

Thank you for your application to the Small Cities Block Grant program for fiscal year 1991.

I am pleased to approve a grant in the amount of \$574,000 to the town of Sophia. These funds will enable you to upgrade the town's sewer plant.

In order to most effectively use the limited dollars available, I hereby commit \$175,000 from our FY1991 allocation which will be immediately available to you. The remaining \$399,000 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind. My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this improvement a reality for the citizens of Sophia.

Sincerely,


Gaston Caperton
Governor

GC:bwb

GRANT AWARD

| | |
|-----------------|------------------|
| Payment Number: | State Acct. No.: |
| Fiscal Year: | Program Name: |

121-8029-05-025-13

1992

SCBG

Grantee Name & Address:

F.E.I.N.

556-000-884

Town of Sophia
P.O. Box 700
Sophia, WV 25921

Grant Period:

From: November 19, 1991

To: November 19, 1994

Project Name: Sewerage Treatment

Plant Improvements

Grant ID: B91DC540001

Project Number: 91SCBG0033X

Project Description

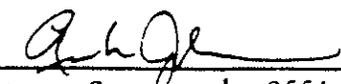
Shall do, perform and carry out, in a satisfactory and proper manner as determined by the GOCID all duties, tasks, and functions necessary to make improvements to the town's sewer treatment plant.

Change Orders

Number: Date: Purpose:

TERMS AND CONDITIONS ARE ON FILE IN THE GOVERNOR'S OFFICE OF COMMUNITY AND INDUSTRIAL DEVELOPMENT AND AVAILABLE FOR INSPECTION. A COPY OF THE ORIGINAL AGREEMENT IS ATTACHED TO TRANSMITTAL _____, PROCESSED ON OR ABOUT _____.

TOTAL AMOUNT OF THIS GRANT \$ 175,000.00

Authorized Signature: 
Director, Governor's Office of
Title: Community and Industrial Development

DATE: 1-24-92

THE TOWN OF SOPHIA
RALEIGH COUNTY, WEST VIRGINIA

\$156,705 Sewer Revenue Bonds,
Series 1995

GENERAL CERTIFICATE

1. TERMS
2. AWARD OF BOND
3. NO LITIGATION
4. GOVERNMENTAL APPROVALS AND BIDDING
5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
6. SIGNATURES
7. CERTIFICATION OF COPIES OF DOCUMENTS
8. PUBLIC SERVICE COMMISSION ORDER; RATES
9. INCUMBENCY AND OFFICIAL NAME
10. LOAN AGREEMENT
11. SIGNATURES AND DELIVERY
12. PAYMENT
13. LAND AND RIGHTS OF WAY
14. MEETINGS
15. INSURANCE
16. RATES AND CHARGES
17. GRANT
18. CONFLICT OF INTEREST

We, the undersigned MAYOR and the undersigned RECORDER of THE TOWN OF SOPHIA, Raleigh County, West Virginia (the "Town"), and the undersigned ATTORNEY for said Town, hereby certify in connection with the Town of Sophia, West Virginia, Sewer Revenue Bonds, Series 1995, in the aggregate principal amount of \$156,705 dated the date hereof (herein called the "Bond"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as in the Ordinance enacted and adopted by the Council of the Town (the "Council") and effective on July 20, 1995 (the "Ordinance").

2. AWARD OF BOND: The Town of Sophia, West Virginia, Sewer Revenue Bond, Series 1995 in the original principal amount of \$156,705 was duly awarded to the West Virginia Water Development Authority (the "WDA"), pursuant to a Loan Agreement heretofore executed by and between the Town and the WDA (the "Loan Agreement") dated as of July 24, 1995, and the Ordinance.

3. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bond, nor questioning the proceedings and authority by which the Council authorized the issuance and sale

of the Bond, nor affecting the validity of the Bond or any provisions made or authorized for the payment thereof, including, but not limited to the pledge of Net Revenues of the System for such payment; officers or members of the Council or the Board to their respective offices; nor questioning the acquisition and construction of certain extensions, additions, betterments and improvements to the existing sewer revenue bond of the Town (the "System"), which are being partially financed out of the proceeds of sale of the Bond.

4. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for the acquisition and construction of the Project and the operation of the System have been duly and timely obtained and remain in full force and effect, including a Certificate of Public Convenience and Necessity from the West Virginia Public Service Commission (the "PSC") dated January 5, 1994, the appeal period thereof having expired without appeal. Competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia of 1931, as amended, which bids remain in full force and effect.

5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Town or the System since the approval, execution and delivery by the Town of the Loan Agreement, between WDA and the Town. There has been no adverse change in the financial condition of the Town or the System since the approval by WDA of a loan to assist in acquisition and construction of the Project. There are no outstanding obligations of the Town which will rank prior to or on a parity with the Bond as to source of and security for payment.

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

7. CERTIFICATION OF COPIES OF DOCUMENTS: The below-listed documents are valid and in full force and effect and have not been repealed, rescinded, amended or changed in any way as of the date of execution of this Certificate:

- Rate Ordinance
- Ordinance
- Notices Relating to Ordinance
- Minutes of Adoption of Ordinance on
First Reading and Second Reading
- Minutes on Enactment of Ordinance
After Public Hearing
- Loan Agreement
- Public Service Commission Certificate of Public Convenience
and Necessity

8. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Attorney hereby covenants that he has filed any information with the PSC and taken any other actions required to maintain the PSC order dated January 5, 1994, in full force and effect. The rates were enacted by ordinance adopted October 21, 1993, and the Town has complied with all requirements of the PSC to make the rates valid and effective, and such rates are in full force and effect.

9. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Town is "The Town of Sophia," and it is a municipal corporation of the State of West Virginia in Raleigh County of said State. The governing body of the Town is the Mayor and its Council consisting of five (5) Council Members, and the Recorder, whose names, terms and offices are as follows:

| <u>Name</u> | <u>Term</u> | <u>Office</u> |
|------------------|---------------|----------------|
| Calvin Moran | June 30, 1997 | Mayor |
| Douglas Johnson | June 30, 1997 | Recorder |
| Ron Taylor | June 30, 1997 | Council Member |
| Tom McKinney | June 30, 1997 | Council Member |
| Albert Veneri | June 30, 1997 | Council Member |
| Coy Barr | June 30, 1997 | Council Member |
| Carmen Rasmussen | June 30, 1997 | Council Member |

The duly appointed and acting Attorney for the Town is David L. Ziegler of Hinton, West Virginia.

10. LOAN AGREEMENT: As of the date hereof, (i) representations of the Town contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Town has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information contained therein not misleading; and (iv) the Town ratifies and reaffirms all the covenants made in the Loan Agreement as if they were specifically set forth herein.

11. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign the Bond by his manual signature, and the undersigned Recorder did officially cause the official seal of the Town to be impressed upon said Bond and to be attested by his manual signature, and The City National Bank of Charleston, acting as Registrar, did officially authenticate and deliver the Bond, numbered R-1, to the WDA as the original purchaser of Bond R-1, under the Loan Agreement and the Ordinance. Said official seal is also impressed above the signatures appearing on this certificate.

12. PAYMENT: At the time of delivery of Bond No. R-1, a specimen copy of which is attached hereto as Exhibit A, the Town received from WDA \$156,705, being the par amount of the Bonds with no interest accrued thereon. The Bond Proceeds have been deposited in accordance with the terms of the Ordinance.

13. LAND AND RIGHTS OF WAY: All land and all rights of way and easements necessary for the construction, operation and maintenance of this System have been acquired or can and will be acquired by purchase or lease, or, if necessary, by condemnation by the Town and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Town to pay for the same without jeopardizing the security of or payments on the Bond.

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

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

16. RATES AND CHARGES: Based upon information submitted by the Consulting Engineers and an independent Certified Public Accountant, the rates and charges for the System which were approved on October 21, 1993, to be effective upon the completion of the Project, will, so long as the Bond is outstanding, provide Net Revenues sufficient to pay (a) the interest upon the Bond, (b) the necessary fiscal agency charges, (c) the principal amount of the Bond at or before its maturity, (d) a margin of safety or reserve for such Bond and for the payment into the reserve account created on account of the Bond and (e) meet the requirements set forth in the Loan Agreement.

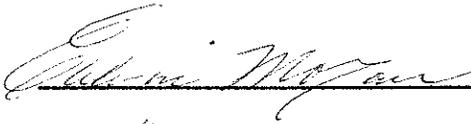
17. GRANT: The Town has received a HUD Small Cities Block Grant in the amount of \$574,000, which grant is in full force and effect.

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

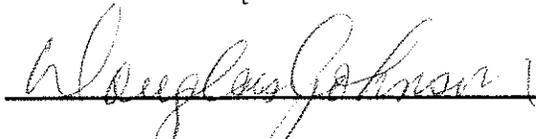
WITNESS our signatures and the official corporate seal of The Town of Sophia on the 24 day of July, 1995.

SIGNATURE

OFFICIAL TITLE



Mayor and Chairman of
the Sanitary Board



Recorder



Attorney

Exhibit A - Specimen Bond

(See Tab 31)

THE TOWN OF SOPHIA, WEST VIRGINIA

NON-ARBITRAGE CERTIFICATE

I, Calvin Moran, Mayor of the Town of Sophia, West Virginia (the "Town"), being one of the officials of the Town duly charged with the responsibility for the issuance of \$156,705 aggregate principal amount of Sewer Revenue Bonds, Series 1995, of the Town, dated July 24, 1995 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Code"). I am one of the officers of the Town charged with the responsibility of issuing the Bond. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Town.

2. This certificate may be relied upon as the certificate of the Town.

3. The Town has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Town or that there is any disqualification of the Town by the Internal Revenue Service because a certification made by the Town contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Town in existence on July 24, 1995, the date on which the Bonds are to be physically delivered in exchange for a portion of the issue price thereof with remainder to be advanced in accordance with the Loan Agreement, and to the best of my knowledge and belief, the expectations of the Town set forth herein are reasonable.

5. In the Ordinance pursuant to which the Bonds are issued, the Town has covenanted to make no use of the proceeds of the Bonds which would cause the Bonds to be an "arbitrage bond" within the meaning of the Code.

6. The Bonds were sold on July 24, 1995, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$156,705 (100% of par).

7. The Bonds are being delivered simultaneously with the delivery of this certificate and is issued for the purposes of (i) permanently financing a portion of the costs of constructing certain extensions, additions, betterments and improvements to the existing public sewerage facilities of the Town (the "Project");

and (ii) paying costs of issuance and other costs in connection therewith.

8. The total cost of the Project is estimated at \$810,705. Sources and uses of funds for the Project are as follows:

| <u>SOURCES</u> | |
|--------------------------|------------------|
| Bonds | \$156,705 |
| Small Cities Block Grant | 574,000 |
| Surcharges | <u>80,000</u> |
| Total Sources | <u>\$810,705</u> |

| <u>USES</u> | |
|--|------------------|
| Design, Acquisition, Administration and Construction of Project | \$788,589 |
| Capitalized interest | 15,866 |
| Costs of Issuance | <u>6,250</u> |
| Total Uses | <u>\$810,705</u> |

The amount of Project costs not expected to be reimbursed or paid from the grant or by the Town is estimated to be equal to the amount of the Bonds, as shown above. Except for the proceeds of the Bonds and the funds described above, no other funds of the Town will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without appropriate action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

9. Pursuant to Article IV of the Ordinance, the following special funds or accounts have been continued or created:

- (1) Revenue or Sewer Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund;
- (4) Construction Fund;
- (5) Series 1995 Bonds Sinking Fund;
 - (a) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account

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

(1) Bond proceeds in the amount of \$15,866.00 will be deposited in the Sinking Fund and used to pay capitalized interest on the Bonds.

(2) The balance of the proceeds of the Bonds will be deposited in the Construction Fund and applied solely to payment of Costs of the Project including costs of issuance of the Bond and related costs.

11. Moneys held in the Series 1995 Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 1995 Bonds Sinking Fund will be annually withdrawn therefrom and deposited into the Construction Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the Bonds, and then to the next ensuing principal payment due thereon.

12. Except for the Series 1995 Bonds Sinking Fund, there are no other funds or accounts established or held by the Town which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for Bonds, and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Town encounters financial difficulties. The Town does not expect the moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been or will be used to acquire, directly or indirectly, securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Any amounts deposited in the Reserve Account from time to time by the Town will not exceed the maximum annual principal and interest on the Bonds and will not exceed one hundred ten percent (110%) of average annual principal and interest on the Bonds. Amounts in the Reserve Account, not to exceed ten percent (10%) of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Reserve Account is required by the Authority, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds.

13. The Town has entered or will enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of two and one half percent (2 1/2%) of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000. Acquisition, construction and equipping of the Project will proceed with due diligence to completion and all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before December 31, 1996. Construction of the Project is expected to be completed within thirteen (13) months.

14. The Town will comply with the provisions of the Code, for which the effective date precedes the date of the delivery of the Bonds to the Authority.

15. Any money deposited in the Series 1995 Bonds Sinking Fund for payment of the principal and interest on the Bonds (other than the Series 1995 Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt and any moneys received from the investment of amounts held in the Series 1995 Bonds Sinking Fund (other than in the Series 1995 Bonds Reserve Account therein) will be spent within a 1-year period beginning the date of receipt.

16. All the proceeds of the Bonds which are to be used for the payment of costs of the Project will be expended for such purposes within three (3) years of September 24, 1994.

17. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bond.

18. All property financed with the proceeds of the Bonds will be held for Federal income tax purposes by (or on behalf of) a qualified governmental unit.

19. The Town shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

20. No more than ten percent (10%) of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than five percent (5%) of the proceeds of the Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

22. The Town shall use the proceeds of the Bonds solely for the Project, and the Project will operated solely for a public purpose as a local governmental activity of the Town.

23. The Town shall not permit at any time or times any of the proceeds of the Bonds, or any other funds of the Town, to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as a "private activity bond" within the meaning of the Code. The Town will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure that interest on the Bonds is excludable from gross income for federal income tax purposes.

24. The Bonds, in whole or in part, will not be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code.

25. The Town has general taxing powers to finance operations of or facilities of the nature of the Project, and the Town and all subordinate entities reasonably expect to issue less than \$5,000,000 of tax-exempt obligations during the calendar year in which the Bonds are to be issued and has issued no other tax-exempt obligations during the current calendar year.

26. The Town has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the Bonds.

27. The Town shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code. The yield on the Bonds is 6.75%.

28. The Town has either (a) funded the Reserve Account at the maximum amount of the principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Reserve Account which will be funded with equal payments on a monthly basis over a ten (10) year period until such Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Reserve Account and the Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

29. The Town shall submit to the Authority within fifteen (15) days following the end of the Town's bond year a certified copy of its rebate calculation, or if the Town qualifies for the small governmental issuer exception to rebate, then the Town shall submit to the Authority 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.

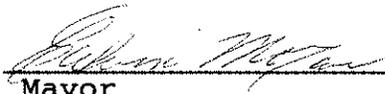
30. The Town expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

31. The Town covenants and agrees to comply with the rebate requirements of the Code, if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds.

32. Goodwin & Goodwin is entitled to rely upon the representations, exceptions, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

TOWN OF SOPHIA, WEST VIRGINIA

By: 
Mayor

THE TOWN OF SOPHIA
RALEIGH COUNTY, WEST VIRGINIA

\$156,705 Sewer Revenue Bonds,
Series 1995

CERTIFICATE OF CONSULTING ENGINEER

I, Michael V. Lawson, Registered Professional Engineer, West Virginia License No. 8309 of Lawson Engineering & Technical Services, Consulting Engineers, Beckley, West Virginia, hereby certify that my firm is engineer for the acquisition and construction of certain additions, betterments and improvements to the sewer system (herein called the "Project") of the Town of Sophia (the "Issuer") to be constructed in Raleigh County, West Virginia, which construction is being permanently financed, in part, by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Ordinance enacted and adopted by the Town Council of the Issuer and effective on July 20, 1995 ("the Ordinance"), and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated July 24, 1995.

1. The Bonds are being issued for the purpose of financing a portion of the costs of the Project.

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and has been approved by all necessary governmental bodies, including the Public Service Commission of West Virginia ("PSC") which granted a Certificate of Public Convenience and Necessity for the Project on January 5, 1994, in Case No. 93-0856-S-CN, which became the final order of the PSC on January 25, 1994, the time for appeal of which had expired prior to the date hereof without appeal, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and my firm has ascertained that all contractors will make required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted

by the Town Council of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) (ii) of the Loan Agreement, (vi) that net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 21 day of July,
1995.

LAWSON ENGINEERING & TECHNICAL
SERVICES

By: Michael V. Lawson

Its: Owner

West Virginia License No. 8309





Smith, Cochran & Hicks
Certified Public Accountants

TOWN OF SOPHIA,
RALEIGH COUNTY, WEST VIRGINIA

\$156,705 SEWER REVENUE BONDS, SERIES 1995

CERTIFIED PUBLIC ACCOUNTANTS CERTIFICATE

Smith, Cochran & Hicks, Certified Public Accountants, have reviewed the sewer service rates which were enacted by the Town of Sophia (the "Town") on October 21, 1993 (the "Rate Ordinance"). It is our opinion that the schedule of rates set forth in the Rate Ordinance are adequate to pay operation and maintenance expenses of the System, as defined in the Ordinance, to pay the principal of and interest on the Bonds, as defined in the Ordinance, and to meet the one hundred fifteen (115%) debt service coverage requirement of the Bonds and the Ordinance enacted and adopted by the Town Council of the Town and effective on July 20, 1995, and are sufficient to comply with the provisions of the Loan Agreement entered into between the Town and the West Virginia Water Development Authority on July 24, 1995.

WITNESS my signature as of this 24th day of July, 1995.

SMITH, COCHRAN & HICKS
Certified Public Accountants
Charleston, West Virginia

405 Capitol Street, Suite 908, Charleston, WV 25301 • Tel. 304 345-1151 • FAX 304 346-6731
300 N. Kanawha Street, Suite 201, Beckley, WV 25801 • Tel. 304 253-2720 • FAX 304 253-2730
117 East Main Street, Bridgeport, WV 26330 • Tel. 304 842-4499 • FAX 304 842-4585
313 Ferry Street, Montgomery, WV 25136 • Tel. 304 442-4959 • FAX 304 442-4959
114 Main Street, Oak Hill, WV 25901 • Tel. 304 465-5683 • FAX 304 465-0174

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 24th day of July, 1995, by and between the TOWN OF SOPHIA, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE CITY NATIONAL BANK OF CHARLESTON, a national banking association, having its principal office in Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$156,705 aggregate principal amount of Sewer Revenue Bond, Series 1995, in fully registered form (the "Bond"), pursuant to an Ordinance enacted and adopted by the Issuer and effective on July 20, 1995 (the "Ordinance");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provides for the appointment by the Issuer of a Registrar for the Bond; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance and to take certain other actions hereinafter set forth.

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Registrar, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver the Bond upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bond from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, reasonable compensation for services rendered and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement the provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon sixty (60) days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Town of Sophia
 Attention: Honorable Calvin Moran, Mayor
 P.O. Box 700
 Sophia, West Virginia 25921

REGISTRAR: The City National Bank of Charleston
 Attention: Charles Jarrell
 3601 MacCorkle Ave., S.E.
 Charleston, West Virginia 25404

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bond in accordance with the Ordinance and instructions provided by the Issuer and the Purchaser thereof.

IN WITNESS WHEREOF, the TOWN OF SOPHIA and THE CITY NATIONAL BANK OF CHARLESTON have caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

THE OF SOPHIA

By: 
Mayor

THE CITY NATIONAL BANK OF CHARLESTON

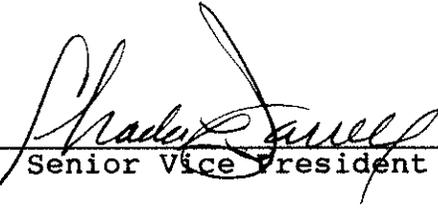
By: 
Senior Vice President

Exhibit A

See Ordinance (Tab No. 6)

TOWN OF SOPHIA
RALEIGH COUNTY, WEST VIRGINIA

\$156,705 Sewer Revenue Bonds,
Series 1995

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

First State Bank & Trust, a state banking corporation, with its principal office located in Beckley, Raleigh County, West Virginia, hereby accepts appointment as Depository Bank in connection with an Ordinance of the Town of Sophia (the "Town") duly enacted and adopted by the Town Council of the Town (the "Council") and effective on July 20, 1995 (the "Ordinance") authorizing issuance of the Town of Sophia, Sewer Revenue Bonds, Series 1995, dated July 24, 1995, in the aggregate principal amount of \$156,705 and agrees to perform all duties of Depository Bank, all as set forth in the Ordinance.

Witness my signature as of the 18 day of July, 1995.

FIRST STATE BANK & TRUST

By: 
Its: Pres. + CEO

accept.dut

TOWN OF SOPHIA
RALEIGH COUNTY, WEST VIRGINIA

\$156,705 Sewer Revenue Bonds,
Series 1995

ACCEPTANCE OF DUTIES AS REGISTRAR

The City National Bank of Charleston, a national banking association, with its principal office located in Charleston, Kanawha County, West Virginia, hereby accepts appointment as Registrar in connection with an Ordinance (the "Ordinance") of the Town of Sophia (the "Town") duly enacted and adopted by the Town Council of the Town of Sophia and effective on July 20, 1995, authorizing issuance of the Town of Sophia, Sewer Revenue Bonds, Series 1995, dated July 24, 1995, in the aggregate principal amount of \$156,705 and agrees to perform all duties of Registrar as set forth in the Ordinance.

Witness my signature as of the 24th day of July, 1995.

THE CITY NATIONAL BANK OF CHARLESTON

By:


Senior Vice President

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

July 24, 1995

The City National Bank of Charleston
3601 MacCorkle Ave., S.E.
Charleston, WV 25304

Ladies and Gentlemen:

We herewith hand to you, duly executed, \$156,705 Town of Sophia, West Virginia, Sewer Revenue Bonds, Series 1995, in the form of one bond, numbered R-1 (the "Bond") of the Town of Sophia (the "Town"), authorized to be issued under and pursuant to the Ordinance, duly enacted and adopted by the Council of the Town (the "Town") and effective on July 20, 1995.

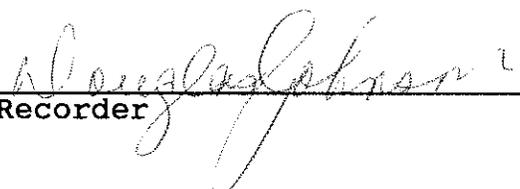
You are hereby requested and authorized to authenticate and register the Bond and to deliver the Bond on behalf of the Town to the West Virginia Water Development Authority, the original purchaser thereof, upon receipt by the Town of \$156,705, representing the proceeds of the Bond.

TOWN OF SOPHIA

By: 
Mayor

(SEAL)

Attest:


Recorder



THE TOWN OF SOPHIA, WEST VIRGINIA

\$156,705 Sewer Revenue Bonds,
Series 1995

CERTIFICATE OF REGISTRATION OF BOND

I, Charles Jarrell, Senior Vice President, of The City National Bank of Charleston, as Registrar (the "Registrar"), under a Registrar's Agreement between the Registrar and the Town of Sophia (the "Town") dated as of the date hereof, hereby certify that on the 24th day of July, 1995, the bond of the Town of Sophia in the principal amount of \$156,705 designated "The Town of Sophia Sewer Revenue Bonds, Series 1995", and numbered R-1, dated as of the date hereof, was registered as to principal and interest in the name of "The West Virginia Water Development Authority" on the books of the Registrar kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the 24th day of July, 1995.

THE CITY NATIONAL BANK OF CHARLESTON
as Registrar

By:


Senior Vice President

THE TOWN OF SOPHIA
RALEIGH COUNTY, WEST VIRGINIA

\$156,705 Sewer Revenue Bonds,
Series 1995

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned Daniel B. Yonkosky, Director of the West Virginia Water Development Authority (the "WDA"), and Calvin Moran, Mayor of the Town of Sophia, Raleigh County, West Virginia (the "Issuer"), hereby certify as follows:

1. On the 24th day of July, 1995, the WDA received the entire original issue in aggregate principal amount of \$156,705 of the Sewer Revenue Bonds, Series 1995, of the Issuer (the "Bond"). The Bond, as so received on original issuance, is dated July 24, 1995, and is issued as Bond Number R-1, in the denomination of \$156,705.

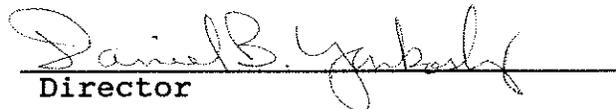
2. At the time of such receipt of the Bond, the Bond had been executed by Calvin Moran, as Mayor of the Issuer, by his manual signature, and by Douglas Johnson, as Recorder of the Issuer, by his manual signature, and the official seal of the Issuer had been imprinted upon the Bond.

3. The Issuer has received and hereby acknowledges receipt from the WDA, as the original purchaser of the Bond, of \$156,705 being the proceeds of the Bond.

IN WITNESS WHEREOF, this receipt has been signed and delivered on behalf of the West Virginia Water Development Authority and the Town of Sophia, Raleigh County, West Virginia, has caused this receipt to be executed by its Mayor, as of the 24th day of July, 1995.

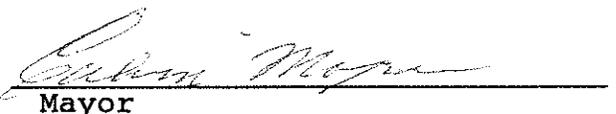
WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By:


Director

THE TOWN OF SOPHIA

By:


Mayor

44

TOWN OF SOPHIA

INCORPORATED 1912
P. O. BOX 700
SOPHIA, WEST VIRGINIA 25921-0700
TELEPHONE: 304-683-4456
304-683-3225
FAX: 304-683-3231

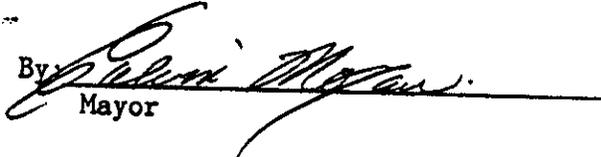
July 14, 1995

West Virginia Water Development
Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Notice of Delivery of Bond

Pursuant to Paragraph 3.4 of the Loan Agreement between the West Virginia Water Development Authority and the Town of Sophia, West Virginia, you are hereby notified that the Town can deliver the Bond on any date on or after July 24, 1995.

Town of Sophia

By: 
Mayor





WRD 1A-82
Revised 5-89

STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0024422

Issue Date: December 30, 1989

Subject: Sewage Facilities

Effective Date: January 30, 1990

Expiration Date: December 29, 1994

Supersedes: WV/NPDES Permit No. WV0024422
Issue Date August 20, 1984

| Location: | Sophia (City) | Raleigh (County) | Kanawha (Drainage Basin) |
|-----------|--------------------|---------------------|-----------------------------|
| Outlet | Latitude: 37° 42' | 18 " N | |
| Sites: | Longitude: 81° 14' | 17 " W | |

To whom it may concern:

This is to certify that Town of Sophia, Box 700,
Sophia, WV 25921

is hereby granted a NPDES Water Pollution Control Permit to operate and maintain an existing wastewater collection system and an existing 0.25 MGD trickling filter wastewater treatment plant which are further described as follows.

The wastewater collection system is comprised of approximately 270 linear feet of six (6) inch diameter, 20,996 linear feet of eight (8) inch diameter, 1,093 linear feet of 10 inch diameter and 3,313 linear feet of 12 inch diameter gravity sewer lines, 125 manholes and all requisite appurtenances.

The wastewater treatment plant is comprised of a grit chamber, a mechanically cleaned bar screen, a manually cleaned bar screen, a primary clarifier with a surface area of 152 square feet, a trickling filter unit, a secondary clarifier with a surface area of 144 square feet, a 2,160 gallon chlorine contact chamber, a 69,120 gallon anaerobic digester, two (2) 50 feet by 25 feet each sludge drying beds and all requisite appurtenances.

The facilities are to serve approximately 2,500 persons in the Town of Sophia and discharge treated wastewater to an unnamed tributary (approximately 1.0 mile from its mouth) of Soak Creek of Piney Creek of the New River of the Kanawha River.

This permit is subject to the following terms and conditions:

Department of Natural Resources, Division of Water Resources, No. 473



DIVISION OF ENVIRONMENTAL PROTECTION
1201 Greenbrier Street
Charleston, WV 25311-1088

GASTON CAPERTON
GOVERNOR

DAVID C. CALLAGHAN
DIRECTOR

December 19, 1994

Honorable Danny Barr
Mayor, Town of Sophia
P. O. Box 700
Sophia, WV 25921

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0024422
Expiration Date December 29, 1994

Dear Mayor Barr:

This letter shall serve as an extension of WV/NPDES Water Pollution Control Permit No. WV0024422 until the 30th day of June 1995. By that time, the review of Permit Application No. WV0024422 should be completed and a new permit issued.

This action is necessary to maintain permit status while the review of Permit Application No. WV0024422 is being completed.

Please be advised that the terms and conditions of the existing Permit shall remain applicable and in effect throughout the extension period.

Sincerely,

OFFICE OF WATER RESOURCES

A handwritten signature in cursive script, appearing to read "Mark A. Scott".

Mark A. Scott
Chief

MAS:jdm

cc: Environmental Inspector Supervisor
Environmental Inspector



DIVISION OF ENVIRONMENTAL PROTECTION
1201 Greenbrier Street
Charleston, WV 25311-1088

GASTON CAPERTON
GOVERNOR

LAIDLEY ELI McCOY, Ph.D.
DIRECTOR

July 12, 1995

Honorable Calvin Moran
Mayor, Town of Sophia
P. O. Box 700
Sophia, WV 25921

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0024422
Expiration Date June 30, 1995

Dear Mayor Moran:

This letter shall serve as an extension of WV/NPDES Water Pollution Control Permit No. WV0024422 until the 31st day of December 1995. By that time, the review of Permit Application No. WV0024422 should be completed and a new permit issued.

This action is necessary to maintain permit status while the review of Permit Application No. WV0024422 is being completed.

Please be advised that the terms and conditions of the existing Permit shall remain applicable and in effect throughout the extension period.

Sincerely,

OFFICE OF WATER RESOURCES

A handwritten signature in black ink, appearing to read "Mark A. Scott".

Mark A. Scott
Chief

MAS:jdm

cc: Environmental Inspector Supervisor
Environmental Inspector

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. 2. Restricted Delivery (Extra charge)

| | |
|--|---|
| 3. Article Addressed to: Director Internal Revenue Service Center Philadelphia, PA | 4. Article Number P 101 820 693 |
| 5. Signature — Addressee X | Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt Merchandise Signature and name of addressee DELIVERED |
| 6. Signature — Agent X | 8. Addressee's Address (ONLY if requested and fee paid) JUL 27 1995 |
| 7. Date of Delivery | 28 PSC PHILA, PA CI |

PS Form 3811, Apr. 1989

U.S. G.P.O. 1989-200-475

DOMESTIC RETURN RECEIPT



FILE COPY

LAW OFFICES
GOODWIN & GOODWIN
P. O. BOX 2107
1500 ONE VALLEY SQUARE
CHARLESTON, WEST VIRGINIA 25328-2107
304/346-7000
TELECOPIER 304/344-9892

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
304/485-2345

P. O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
304/372-2651

REPLY TO:
Charleston

July 24, 1995

Via Certified Mail-Return Receipt
Requested No. P-101-820-693
Director
Internal Revenue Service Center
Philadelphia, PA 19255

Re: \$156,705 Town of Sophia, West Virginia, Sewer Revenue Bonds,
Series 1995

Gentlemen:

Enclosed is a completed and executed Form 8038-G to be filed on behalf of the Town of Sophia, West Virginia which provides the information required by Section 149(e) of the Internal Revenue Code of 1986, as amended. We have also enclosed a file copy to be returned to our office (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope.

Thank you for your attention to this matter.

Sincerely yours,

W.K. Bragg, Jr.

William K. Bragg, Jr.

WKB/bjr

Enclosures

Form **8038-G**

Information Return for Tax-Exempt Governmental Obligations

(Rev. May 1993)

Under Internal Revenue Code section 149(e)

See separate instructions.

OMB No. 1545-0720

Department of the Treasury
Internal Revenue Service

(Use Form 8038-GC if the issue price is under \$100,000.)

Part I Reporting Authority if Amended Return, check here

1 Issuer's name
Town of Sophia

2 Issuer's employer identification number
55 : 6000884

3 Number and street (or P.O. box if mail is not delivered to street address)
P.O. Box 700

Room/suite

4 Report number
619 95 - 1

5 City, town, state, and ZIP code
Sophia, WV 25921

6 Date of issue
7/24/95

7 Name of issue
\$156,705 Town of Sophia, West Virginia, Sewer Revenue Bonds, Series 1995

8 CUSIP Number
None

Part II Type of Issue (check applicable box(es) and enter the issue price)

| | Issue price |
|---|----------------|
| 9 <input type="checkbox"/> Education (attach schedule—see instructions) | \$ |
| 10 <input type="checkbox"/> Health and hospital (attach schedule—see instructions) | |
| 11 <input type="checkbox"/> Transportation | |
| 12 <input type="checkbox"/> Public safety | |
| 13 <input checked="" type="checkbox"/> Environment (including sewage bonds) | 156,705 |
| 14 <input type="checkbox"/> Housing | |
| 15 <input type="checkbox"/> Utilities | |
| 16 <input type="checkbox"/> Other. Describe (see instructions) ▶ | |
| 17 If obligations are tax or other revenue anticipation bonds, check box <input type="checkbox"/> | |
| 18 If obligations are in the form of a lease or instalment sale, check box <input type="checkbox"/> | |

ORIGINAL INPUT
ACCOUNT ONLY

Part III Description of Obligations

| | (a) Maturity date | (b) Interest rate | (c) Issue price | (d) Stated redemption price at maturity | (e) Weighted average maturity | (f) Yield | (g) Net interest cost |
|-------------------|----------------------|----------------------|--------------------|--|----------------------------------|---------------|--------------------------|
| 19 Final maturity | 10/1/2033 | 6.75 % | \$10,812.00 | Par | | | |
| 20 Entire issue | | | \$156,705 | Par | 26,836 years | 6.751% | 6.75 % |

Part IV Uses of Original Proceeds of Bond Issue (including underwriters' discount)

| 21 Proceeds used for accrued interest | 21 | \$ 0 |
|---|-----------|----------------|
| 22 Issue price of entire issue (enter amount from line 20, column (c)) | 22 | 156,705 |
| 23 Proceeds used for bond issuance costs (including underwriters' discount) | 23 | 6,250 |
| 24 Proceeds used for credit enhancement | 24 | 0 |
| 25 Proceeds allocated to reasonably required reserve or replacement fund | 25 | 0 |
| 26 Proceeds used to refund prior issues | 26 | 0 |
| 27 Total (add lines 23 through 26) | 27 | 6,250 |
| 28 Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here) | 28 | 150,455 |

Part V Description of Refunded Bonds (complete this part only for refunding bonds) N/A

29 Enter the remaining weighted average maturity of the bonds to be refunded ▶ years

30 Enter the last date on which the refunded bonds will be called ▶

31 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

32 Enter the amount of the state volume cap allocated to the issue ▶

33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) small issue exception) ▶ **072795**

34 Pooled financings:

a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶ **28**

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box and enter the name of the issuer ▶ **W.Va. Water Development Authority** and the date of the issue ▶ **Sept. 27, 1994**

35 If the issuer has elected to pay a penalty in lieu of rebate, check box

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here

Calvin Moran
Signature of officer

7/24/95
Date

Calvin Moran, Mayor
Type or print name and title

LAW OFFICES
GOODWIN & GOODWIN
P. O. BOX 2107
1500 ONE VALLEY SQUARE
CHARLESTON, WEST VIRGINIA 25328-2107
304/346-7000
TELECOPIER 304/344-9692

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
304/485-2345

P. O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
304/372-2681

Charleston
REPLY TO:

July 24, 1995

West Virginia Water Development
Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Re: \$156,704 Town of Sophia, West Virginia, Sewer Revenue
Bonds, Series 1995

Gentlemen:

We are bond counsel to the Town of Sophia, West Virginia (the "Town"), a municipal corporation located in Raleigh County, West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated July 24, 1995, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Town and the West Virginia Water Development Authority (the "Authority") and (ii) the issuance of a sewer revenue bond of the Town, dated July 24, 1995 (the "Bond"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bond is in the principal amount of \$156,704, and is issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1995, at the rate set forth in Exhibit A incorporated in and made a part of the Bond.

The Bond is issued for the purpose of financing a portion of the costs of constructing certain extensions, additions, betterments and improvements to the Town's sewerage facilities, paying capitalized interest on the Bond and paying certain issuance and other costs in connection therewith (the "Project").

We have also examined the applicable provisions of Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended (the "Act"), and the Bond has been authorized by an Ordinance duly enacted and adopted by the Town Council of the Town ("Council")

GOODWIN & GOODWIN

West Virginia Water Development
Authority
July 24, 1995
Page Two

effective on July 20, 1995, (the "Ordinance"), pursuant to and under which Act and Ordinance the Bond is authorized and issued, and the Loan Agreement has been undertaken. The Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement.

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

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

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

3. The Town is a duly organized and presently existing municipal corporation of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bond, all under the Act and other applicable provisions of law. The Town has legally and validly created the sewerage system and has taken all legal action necessary to operate a sewerage system.

4. The Town has legally and effectively enacted the Ordinance and has satisfied all other necessary requirements in connection with the issuance and sale of the Bond. The Ordinance contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bond is a valid and legally enforceable special obligation of the Town, payable from the Net Revenues of the System referred to in the Ordinance and secured by a lien on and pledge of the Net Revenues of said System, all in accordance with the terms of the Bond and the Ordinance, and has been duly issued and delivered to the Authority. The Town has reserved the right to issue additional bonds ranking on a parity with the Bond, as provided in the Ordinance. The Town has certified, and an independent certified public accountant has verified, that the rates and charges for the use of and service rendered by the System

GOODWIN & GOODWIN

West Virginia Water Development
Authority
July 24, 1995
Page Three

are sufficient to pay all Operating Expenses (as defined in the Ordinance) of the System and to pay the principal of and interest on the Bond, when due. The Ordinance requires that such schedule of rates and charges be changed and readjusted whenever necessary so that the aggregate of such rates and charges will be sufficient for such purposes.

6. Under existing statutes and court decisions, as presently written and applied, interest on the Bond is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Town has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Bond to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bond. We express no opinion herein regarding other tax consequences arising with respect to the Bond.

7. Under the Act, as presently written and applied, the Bond and the income thereon are exempt from taxation by the State of West Virginia.

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

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

Respectfully submitted,



GOODWIN & GOODWIN

LAW OFFICES
GOODWIN & GOODWIN
P. O. BOX 2107
1500 ONE VALLEY SQUARE
CHARLESTON, WEST VIRGINIA 25328-2107
304/346-7000
TELECOPIER 304/344-9692

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
304/485-2345

P. O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
304/372-2651

Charleston

July 24, 1995

Town of Sophia
P.O. Box 700
Sophia, WV 25921

Re: \$156,705 Town of Sophia, West Virginia, Sewer Revenue
Bonds, Series 1995

Gentlemen:

We have examined a record of proceedings relating to the issuance of the \$156,705 in aggregate principal amount of Town of Sophia, West Virginia, Sewer Revenue Bond, Series 1995 (the "Bond"), issued by the Town of Sophia (the "Town"), a municipal corporation, and the Non-Arbitrage Certificate executed by Calvin Moran, Mayor of the Town on this date.

We are of the opinion that the facts, estimates and circumstances set forth in the Non-Arbitrage Certificate are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") to support the conclusion that the Bond is not an "arbitrage bond" as therein defined.

The Town has general taxing powers to finance operations of or facilities of the nature of the System, and the Town and all subordinate entities reasonably expect to issue less than \$5,000,000 of tax-exempt obligations during the calendar year in which the Bond is to be issued and have issued no other tax-exempt obligations during the current calendar year (or if the Town has issued tax-exempt obligations, the total of all bonds issued will be less than the \$5,000,000). Consequently, interest earnings with respect to the Bond in excess of the yield of the Bond are not subject to the rebate requirements of the Code.

GOODWIN & GOODWIN

Town of Sophia
July 24, 1995
Page Two

No matters have come to our attention which in our opinion make unreasonable or incorrect the representations made in such certification.

Please be advised that this opinion is subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that the Bond not be an "arbitrage bond." Failure to comply with certain of such requirements may cause the interest on the Bond to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bond. The Town has covenanted to comply with all such requirements.

Respectfully submitted,



GOODWIN & GOODWIN

3

4

ZIEGLER, GUNNOE & KEMP
ATTORNEYS AT LAW

DAVID L. ZIEGLER
RICHARD M. GUNNOE
KELLY K. KEMP

110 JAMES STREET
HINTON, WV 25951
TELEPHONE (304) 466-1224
TELEPHONE (304) 772-3085
TELEFAX (304) 466-4294

18 WEST MAIN STREET
WHITE SULPHUR SPGS., WV 24986
TELEPHONE (304) 536-1691
TELEPHONE (304) 772-3080
TELEFAX (304) 536-3390

July 24, 1995

West Virginia Water Development
Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Jackson & Kelly
P.O. Box 553
Charleston, WV 25322

Goodwin & Goodwin
P.O. Box 2107
Charleston, WV 25328

Re: \$156,705 Town of Sophia, West Virginia, Sewer Revenue Bonds,
Series 1995

Gentlemen:

I am counsel for the Town of Sophia, West Virginia (the "Town"). I have reviewed various documents relating to the above-captioned bond of the Town (the "Bond"), the Loan Agreement by and between the West Virginia Water Development Authority (the "Authority") and the Town, dated July 24, 1995, and an Ordinance duly enacted and adopted by the Council of the Town (the "Council") and effective on July 20, 1995 (the "Ordinance"), and other documents relating to the Bond. Terms used in this opinion and not otherwise defined herein shall have the same meanings as contained in the Loan Agreement and the Ordinance.

I am of the opinion that:

1. The Town is a duly organized and presently existing municipal corporation, with full power and authority to construct the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bond, all under the Ordinance and other applicable provisions of law.

2. The Loan Agreement has been duly authorized, executed and delivered by the Town, and assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Town in accordance with its term.

3. The members of the Council were duly and properly elected or appointed and are thereby authorized to act on behalf of the Town.

4. The Ordinance has been duly enacted by the Council and is in full force and effect.

5. The Town has obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "Commission") necessary for the issuance of the Bond and construction of the Project, including a Certificate of Public Convenience and Necessity from the Commission which is in full force and effect, and the Town has taken any and all other action required in connection with the Project and the appeal period from such orders has expired.

6. The execution and delivery of the Bond and the Loan Agreement and the consummation of the transactions contemplated by the Ordinance and the Loan Agreement and the carrying out of the terms thereof do not and will not in any material respect conflict with or constitute on the part of the Town a breach of or default under any agreement or other instrument to which the Town is a party or any existing law, regulation, court order or consent decree to which the Town is subject.

7. The Town has received all necessary rights of way, permits, licenses, approvals and authorizations that are presently obtainable to construct the Project.

8. The Town adopted a Rate Ordinance on October 21, 1993, whereby rates and charges for use of the Town's sewer facilities were established to meet the operation and maintenance costs of the System and the debt service on the Bond, which rates will take effect upon completion of the Project. Under the terms of the Act, the Town has full authority to establish rates for the System and to pledge the revenues from said rates to the payment of the Bond.

9. 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 council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bond or the collection or pledge of the revenues.

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "D. L. Ziegler", written in dark ink.

David L. Ziegler

1

2

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL
MINUTES

A meeting of the West Virginia Infrastructure and Jobs Development Council (the "Council") was held on Wednesday, October 5, 1994, beginning at 9 a.m. in Room B, Conference Center, Capitol Complex, Charleston, West Virginia.

A quorum was constituted by the following voting members present:

Dyan Brasington, West Virginia Development Office
Boyce Griffith, Public Service Commission
Joe Hatfield, Housing Development Fund
Russell Isaacs (Public Member), Chairman
Mike Johnson (Designee), Division of Environmental Protection
Joseph Schock (Designee), Bureau of Public Health
David Warner, Economic Development Authority
James Williams (Public Member), Vice Chairman
Daniel Yonkosky, Water Development Authority

Nonvoting, advisory members present were:

Keith Burdette, West Virginia Senate
John Hedrick, State Rail Authority
Robert Kiss, West Virginia House of Delegates
David Long, Board of Directors of the State College System
Evelyn Moore, Representing Earl Ray Tomblin, West Virginia Senate
John Mullins, Representing Robert Burk, Jr., House of Delegates
Fred VanKirk, Division of Highways

Nonvoting, advisory member absent was:

Frank Justice, Board of Trustees of the University of West Virginia

Also in attendance were:

Ryan Alexander, Appalachian Research & Defense Fund
Diana Barber, Water Development Authority
Mike Basile (Governor's Office), Acting Secretary
Ron Belcastro, West Virginia-American Water Company
Jo Boggess, Legislative Services
Jim Booton, Wayne County Commission
Rosalie Brodersen, Division of Environmental Protection
Dwight Calhoun, West Virginia Rural Water Association
Max Crum, Farmers Home Administration
Fred Cutlip, West Virginia Development Office
Vince Gallo, US Environmental Protection Agency
Richard Hitt, Public Service Commission
Frederick Hypes, Division of Environmental Protection
Nick Krupa, US Army Corps of Engineers
Don Kuntz, Bureau of Public Health
Margaret Mary Layne, Huntington Area Development Council
Becky McClure, West Virginia-American Water Company
Barbara Meadows, Water Development Authority

Don Niehus, US Environmental Protection Agency
Patrick Park, Division of Environmental Protection
Robert Plymale, West Virginia Senate
Les Reed, US Environmental Protection Agency
Susan Riggs, Public Service Commission
Doug Schmidt, Dunn Engineers, Incorporated
Jerry Vance, Legislative Auditor's Office
Paul Wilkinson, Division of Highways

The meeting was called to order by Mr. Russell Isaacs, Chairman. The Chair asked for corrections to the minutes of the August 31, 1994, meeting. Mr. Joseph Schock moved that the minutes be approved as previously mailed to the Council. Mr. Boyce Griffith seconded, and all approved.

At the Chair's request, Acting Secretary Mike Basile reported that discussions with the Legislative leadership indicate that the Fiscal Year 1995 infrastructure funds appropriated in the budget of the West Virginia Development Office may be transferred into the interest-bearing special revenue account designated as the West Virginia Infrastructure Fund. It was determined that Council action was not necessary.

Concerning wastewater and drinking water projects and infrastructure projects that were already in progress when the West Virginia Infrastructure and Jobs Development Act (the "Act") became effective on July 1, 1994, Chairman Isaacs distributed a copy of the report (dated September 29) of the temporary committee created to review these projects.

After brief discussion, Mr. Daniel Yonkosky moved that the committee's recommendations be accepted as presented and that the report be made a part of the minutes. Mr. Griffith seconded, and all agreed.

Mr. Joe Hatfield, Chairman of the Consolidation Committee created to study the feasibility of consolidations of public service districts and municipalities, reported the committee recommends that specific language addressing consolidation issues be added to the preapplication. Until the assessments and inventories of water and sewer systems are completed, the committee will continue to consider other issues regarding consolidations, including legal, financial, legislative and geographic barriers.

Mr. Joseph Schock, Chairman of the Water Assessment Committee, reported that the Bureau of Public Health has a master inventory list of the State's public water systems and the Public Service Commission and the West Virginia Rural Water Association also have inventory information which is comprehensive. A good statewide overview of the needs of the water systems exists in terms of physical facilities, operation and maintenance. Through a coordinated approach, future field activities by the Bureau of Public Health's district office engineering staff, the West Virginia Rural Water Association's circuit riders, and the Public Service Commission's technical staff will update system needs, emphasizing those relating to infrastructure.

Mr. Mike Johnson, Chairman of the Sewer Assessment Committee, reported that the Division of Environmental Protection developed a 1992 Needs Survey under the direction of the US Environmental Protection Agency. This report indicated a \$2 billion need for adequate wastewater treatment and collection. The next Needs

Survey will be completed during calendar year 1995 for the 1996 report to Congress, which coincides with the sewer assessment survey required in the Act by July 1, 1996. The committee also discussed data management and will consider during future meetings the obstacles and impediments which prevent or inhibit the development of infrastructure in the State.

The Chair recognized three individuals from the US Environmental Protection Agency's Region III Office in Philadelphia, Pennsylvania, Messrs. Vince Gallo, Don Niehus and Les Reed, who are conducting the annual review of the West Virginia Water Pollution Control Revolving Fund (known as the State Revolving Fund) which is jointly administered by the Division of Environmental Protection and the Water Development Authority.

Mr. Boyce Griffith, Chairman of the Exempt Projects Committee created to determine which infrastructure projects do not fall under the purview of the Council, reported that the Division of Highways believes that highway projects are exempt from provisions of the Act except for coordination of infrastructure projects to accommodate utility construction. Roads built as part of an infrastructure development project, however, would be covered by the Act. The committee also discussed situations in which state agencies administer federal funds dedicated for certain types of projects and may suggest establishing a separate review process for projects funded by dedicated funds.

Mr. Daniel Yonkosky, Chairman of the Funding Committee created to review existing funding programs, reported that each infrastructure funding agency will be providing to the committee a brief description of the program(s) administered by the agency, the amount of funds available, the number of projects and level of funding being requested, and obstacles being encountered that could hinder the agency's ability to provide funding. The committee determined that it should continue studying current problems with providing and coordinating funding for water and sewer projects. It was suggested that a funding matrix containing information about each agency's funding program(s) be developed. Using the matrix, the committee will review a group of recently financed projects to determine whether the matrix will be a beneficial tool for the Council's use in reviewing projects.

Mr. Fred VanKirk, Chairman of the Highways Committee, distributed a comprehensive report detailing the Division of Highways' ten-year major construction program for new roads in the State. New roads for the purpose of the plan are defined as roads being built for the first time in a new location with some degree of controlled access right-of-way and upon which a full environmental impact statement is required, which includes industrial access roads and access roads constructed for economic development purposes. The Act requires the Division of Highways to cooperate with the Council and local infrastructure planning teams in the development of infrastructure projects.

Chairman Isaacs requested written committee reports before the next Council meeting.

Acting Secretary Basile briefly discussed the development of guidelines for the expenditure of funds. He mentioned the possibility of meeting with representatives of the Pennsylvania Infrastructure Investment Authority (PENNVEST), a successful infrastructure financing entity, to gather information and data that could be beneficial to the Council.

The Chair recognized The Honorable Robert Plymale, West Virginia Senate, who discussed the establishment of a local infrastructure planning team in Wayne County. Chairman Isaacs asked Acting Secretary Basile to develop a list of names for this local infrastructure planning team and stated the Council would take action at its next meeting.

Acting Secretary Basile reported that the public members, Russell Isaacs and James Williams, have advised the Council of their affiliations with the Board of Directors of certain companies and will recuse themselves from discussing or voting on issues affecting these companies. Their letters were made a part of the minutes.

There being no further business, Chairman Isaacs adjourned the meeting at 10:10 a.m.

Barbara B. Meadows CPS/CPA



STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

1201 DUNBAR AVENUE
DUNBAR, WV 25064

Telephone (304) 558-3612
Telecopier (304) 558-0299

September 29, 1994

TO: West Virginia Infrastructure and Jobs Development Council
FROM: Russell Isaacs, Chairman
RE: September 19 Meeting of In-Progress Projects Committee

In attendance at the meeting were the following West Virginia Infrastructure and Jobs Development Council ("Council") members and state agencies representatives:

Russell Isaacs, Council Chairman and Committee Chairman
James Williams, Council Vice Chairman
Mike Basile, Council Acting Secretary (Governor's Office)
Daniel Yonkosky, Council Chief Administrative Officer
(Water Development Authority)
Fred Cutlip, West Virginia Development Office
Mike Johnson, Division of Environmental Protection
Patrick Park, Division of Environmental Protection
Doug Olds, Water Development Authority

The purpose of In-Progress Projects Committee's meeting was to discuss which existing projects, as defined in Section 2 of the Act, do not have either acceptable bids or all funding in place as of the effective date of the Act but have progressed to a point such that Council review and approval as contemplated in the Act would place an undue burden upon the communities, project sponsors, and/or project participants involved in said projects. On the basis of its review, the Committee will make the following recommendations:

1. The following nine projects had either acceptable bids or had all funding arranged prior to the effective date of the Act and are not required to comply with the provisions of Section 31-15A-5 unless they choose to seek additional funding through the Council:

| <u>Project</u> | <u>Type</u> | <u>County</u> | <u>Bid Opening Date</u> | <u>Total Estimated Cost</u> |
|---|-------------|---------------|-------------------------|-----------------------------|
| Berkeley County PSSD (Baker Heights) | S | Berkeley | 10/05/94* | 4,130,085 |
| Berkeley County PSSD (Airport) | S | Berkeley | 10/00/94 | 5,689,979 |
| Chelyan PSD | S | Kanawha | 09/29/94 | 1,900,000 |
| Clay County PSD | W | Clay | 10/20/94* | 1,601,197 |
| Deepwater PSD | S | Fayette | 06/21/94 | 2,278,248 |
| Follansbee | S | Brooke | 03/00/95 | 6,094,850 |
| Logan (Phase III) | S | Logan | 12/00/94 | 600,000 |
| New Cumberland | S | Hancock | 10/27/94* | 4,453,467 |
| Sophia | S | Raleigh | 07/27/94 | 156,705 |

*Loan closing date.

2. The eight wastewater projects listed below have either received bids after July 1, 1994, or anticipate receiving bids prior to December 31, 1994, and have secured adequate grants or binding loan commitments from the EPA Construction Grants Program and/or State Revolving Fund Loan Program. The Committee is recommending that these eight projects receive the recommended amounts and sources of funding currently being proposed in their applications for funding through the West Virginia Division of Environmental Protection.

| <u>Project</u> | <u>County</u> | <u>Bid Opening Date</u> | <u>Funding Source</u> | <u>Total Estimated Cost</u> |
|-----------------------------|---------------|-------------------------|-----------------------|-----------------------------|
| East Bank Huntington | Kanawha | 09/94 | SRF | 1,316,000 |
| (Miller Road) Huntington | Cabell | 09/94 | SRF | 2,080,220 |
| (CL2) | Cabell | 11/94 | SRF | 1,837,500 |
| Mineral Wells PSD | Wood | 12/94 | SRF | 945,000 |
| Morgantown (PS) | Monongalia | 10/94 | SRF | 794,000 |
| Petersburg | Grant | 09/94 | SRF | 849,840 |
| Salem | Harrison | 12/94 | SRF | 6,250,000 |
| South Putnam PSD | Putnam | 11/94 | Grant | 3,149,000 |
| Sun Valley PSD | Harrison | 12/94 | SRF | 2,229,800 |

3. Last year the Governor's Office committed \$5,000,000 in "Letters of Intent" from the Fiscal Year 1993 Small Cities Block Grants Program. This year the Governor's Office is recommending \$4,125,000 in additional Small Cities Block Grants funding to complete its grant funding commitments to the first seven projects listed below and for Terra Alta, the release of \$125,000 for a cost overrun*. The Committee is recommending that these projects receive the amounts allocated to them under the Small Cities Block Grants Program:

| <u>Project</u> | <u>Type</u> | <u>County</u> | <u>Amount</u> | <u>Total Estimated Cost</u> |
|------------------|-------------|---------------|---------------|-----------------------------|
| Camden-on-Gauley | S | Webster | \$ 500,000 | \$1,821,200 |
| Chester | S | Hancock | 475,000 | 1,350,840 |
| Dunbar | S | Kanawha | 375,000 | 4,195,200 |
| Elk Garden | S | Mineral | 500,000 | 1,590,000 |
| Romney | W | Hampshire | 550,000 | 4,285,000 |
| Summers County | W | Summers | 1,525,000 | 19,300,000 |
| Thomas | S | Tucker | 200,000 | 1,262,000 |
| *Terra Alta | W | Preston | 125,000 | |

4. The Committee recommends that the Office of Abandoned Mine Lands and Reclamation be allowed to make the necessary grant commitments to the seven water projects listed below, with the understanding that the projects would be required to submit preliminary applications to the Council if they decide to seek additional grant or loan funding from any other agencies:

| <u>Project</u> | <u>County</u> | <u>Amount</u> | <u>Total Estimated Cost</u> |
|---|---------------|---------------|-----------------------------|
| Berwind, Canebrake and Valls creek | McDowell | \$ 530,707 | \$ 792,000 |
| Cow Creek-Sarah Ann | Logan | 981,021 | 1,381,720 |
| Cucumber, Newhall, Squire, Johnstown, and Jacobs Fork | McDowell | 486,816 | 737,600 |
| Godbey Branch | Logan | 290,700 | 510,000 |
| Page, Kincaid, and Beards Fork | Fayette | 1,196,601 | 1,709,430 |

▼
One Valley Bank, N.A.
Sixth Avenue & Fifth Street, P.O. Box 427
St. Albans, WV 25177
(304) 722-3341

August 29, 1994

ONE VALLEY
BANK

Russell Isaacs, Chairman
W.Va. Infrastructure & Jobs Development Council

As a voting member of the W.Va. Infrastructure and Jobs Development Council, I wish to advise I am an Officer and Director of One Valley Bank, National Association.

As such, I will not consider nor vote on issues that would affect the relationship of this council and the Bank.

James D. Williams
Council Member

RUSSELL L. ISAACS
1523 ONE VALLEY SQUARE
CHARLESTON, WEST VIRGINIA 25301

October 4, 1994

W. Va. Infrastructure and
Jobs Development Council
1201 Dunbar Avenue
Dunbar, WV 25064

Attn: Mike Basile, Secretary

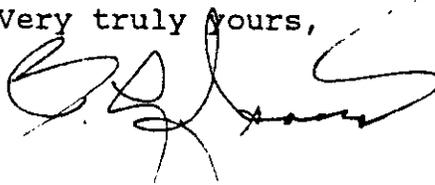
Gentlemen:

Please be advised that I am a member of the Board of Directors of the following companies and as such will not discuss or vote on issues affecting same:

McJunkin Corporation, Charleston, WV
Cardinal Construction Co., Ashland, KY
Bell Atlantic W.V., Inc., Charleston, WV
Graver Tank & Mfg. Co., Houston, TX
United Bankshares of WV, Charleston, WV
Concorp, Inc., Nitro, WV

I am sharing this information with the Council and requesting that it be included in the minutes of our meeting of October 5, 1994.

Very truly yours,



RLI/m

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street,
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 24, 1995
(See Reverse for Instructions)

ISSUE: \$156,705 Town of Sophia, West Virginia
Sewer Revenue Bonds, Series 1995
ADDRESS: P.O. Box 700
Sophia, WV 25921 COUNTY: Raleigh
PURPOSE: New Money X
OF ISSUE: Refunding Refunds issue(s) dated:
ISSUE DATE: July 24, 1995 CLOSING DATE: July 24, 1995
ISSUE AMOUNT: \$156,705 RATE: 6.75 %
1st DEBT SERVICE DUE: Oct. 1, 1995 1ST PRINCIPAL DUE: Oct. 1, 1996
1ST DEBT SERVICE AMOUNT: \$1,968.61 PAYING AGENT: Municipal
Bond Commission

BOND COUNSEL: Goodwin & Goodwin
Contact Person: W. K. Bragg, Jr.
Phone: (304) 346-7000

LENDER'S
COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee
Phone: 340-1318

LENDER: WV Water Dev. Authority
Contact Person: Daniel N. Yonkosky
Phone: 558-3612

REGISTRAR: The City National
Bank of Charleston
Contact Person: Charles Jarrell
Phone: 926-3339

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Calvin Moran
Position: Mayor
Phone: 683-4456

DEPOSITS TO MBC AT CLOSE:

| | | | | |
|----------|--|-----------------------|----|--------|
| | | Accrued Interest: | \$ | _____ |
| | <input checked="" type="checkbox"/> <u>X</u> | Capitalized Interest: | \$ | 15,866 |
| By _____ | Wire | Reserve Account: | \$ | _____ |
| | <input checked="" type="checkbox"/> <u>X</u> | Check | \$ | _____ |
| | | Other: | \$ | _____ |

REFUNDS & TRANSFERS BY MBC AT CLOSE:

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

Notes: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF SOPHIA
SEWER REVENUE BONDS, SERIES 1995

No. R-1

\$156,705.00
Date: July 24, 1995

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF SOPHIA, WEST VIRGINIA, a municipal corporation and political subdivision of the State of West Virginia in Raleigh 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 Hundred Fifty-Six Thousand Seven Hundred Five and 00/100 Dollars (\$156,705.00) in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1995. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The City National Bank of Charleston, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated July 24, 1995.

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 sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any future additions, betterments or improvements thereto, is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted on July 20, 1995 (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.

SPECIMEN

SPECIMEN

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1995 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1995 Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Series 1995 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with this Bond or, if the Reserve Account for the Bond is funded (whether by proceeds of the Bond, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will become due on the Series 1995 Bonds in any fiscal year, and any reserve account for such prior or parity obligations is funded at least at the requirement therefor, equal to at least 110% of the amount required in any fiscal year for debt service on the Series 1995 Bonds and any such prior or parity obligations. The Issuer has entered into certain further covenants with the registered owner of the Series 1995 Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of the Series 1995 Bonds is exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF SOPHIA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated July 24, 1995.

TOWN OF SOPHIA, WEST VIRGINIA

By *[Signature]*
Mayor

[SEAL]

ATTEST:

[Signature]
Recorder

SPECIMEN

SPECIMEN

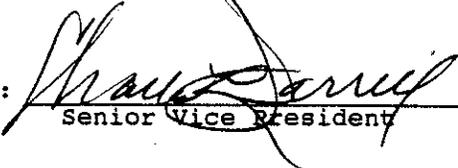
(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 1995 Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: July 24, 1995

SPECIMEN
THE CITY NATIONAL BANK OF CHARLESTON,
as Registrar

By: 
Senior Vice President

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1994 SERIES A LOCAL LOAN PROGRAM

BOND DEBT SERVICE

West Virginia Water Development Authority
 Town of Sophia
 \$156,705

Dated Date 7/24/1995
 Delivery Date 7/24/1995

SPECIMEN

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|-----------|--------|----------|--------------|---------------------|
| Jul 24, 1995 | - | - | - | - | - |
| Oct 1, 1995 | - | - | 1,968.61 | 1,968.61 | 1,968.61 |
| Apr 1, 1996 | - | - | 5,288.79 | 5,288.79 | - |
| Oct 1, 1996 | 965.00 | 6.750% | 5,288.79 | 6,253.79 | 11,542.58 |
| Apr 1, 1997 | - | - | 5,256.23 | 5,256.23 | - |
| Oct 1, 1997 | 1,030.00 | 6.750% | 5,256.23 | 6,286.23 | 11,542.46 |
| Apr 1, 1998 | - | - | 5,221.46 | 5,221.46 | - |
| Oct 1, 1998 | 1,099.00 | 6.750% | 5,221.46 | 6,320.46 | 11,541.92 |
| Apr 1, 1999 | - | - | 5,184.37 | 5,184.37 | - |
| Oct 1, 1999 | 1,173.00 | 6.750% | 5,184.37 | 6,357.37 | 11,541.74 |
| Apr 1, 2000 | - | - | 5,144.78 | 5,144.78 | - |
| Oct 1, 2000 | 1,253.00 | 6.750% | 5,144.78 | 6,397.78 | 11,542.56 |
| Apr 1, 2001 | - | - | 5,102.49 | 5,102.49 | - |
| Oct 1, 2001 | 1,337.00 | 6.750% | 5,102.49 | 6,439.49 | 11,541.98 |
| Apr 1, 2002 | - | - | 5,057.37 | 5,057.37 | - |
| Oct 1, 2002 | 1,427.00 | 6.750% | 5,057.37 | 6,484.37 | 11,541.74 |
| Apr 1, 2003 | - | - | 5,009.21 | 5,009.21 | - |
| Oct 1, 2003 | 1,524.00 | 6.750% | 5,009.21 | 6,533.21 | 11,542.42 |
| Apr 1, 2004 | - | - | 4,957.77 | 4,957.77 | - |
| Oct 1, 2004 | 1,626.00 | 6.750% | 4,957.77 | 6,583.77 | 11,541.54 |
| Apr 1, 2005 | - | - | 4,902.90 | 4,902.90 | - |
| Oct 1, 2005 | 1,736.00 | 6.750% | 4,902.90 | 6,638.90 | 11,541.80 |
| Apr 1, 2006 | - | - | 4,844.31 | 4,844.31 | - |
| Oct 1, 2006 | 1,853.00 | 6.750% | 4,844.31 | 6,697.31 | 11,541.62 |
| Apr 1, 2007 | - | - | 4,781.77 | 4,781.77 | - |
| Oct 1, 2007 | 1,979.00 | 6.750% | 4,781.77 | 6,760.77 | 11,542.54 |
| Apr 1, 2008 | - | - | 4,714.98 | 4,714.98 | - |
| Oct 1, 2008 | 2,112.00 | 6.750% | 4,714.98 | 6,826.98 | 11,541.96 |
| Apr 1, 2009 | - | - | 4,643.70 | 4,643.70 | - |
| Oct 1, 2009 | 2,255.00 | 6.750% | 4,643.70 | 6,898.70 | 11,542.40 |
| Apr 1, 2010 | - | - | 4,567.59 | 4,567.59 | - |
| Oct 1, 2010 | 2,407.00 | 6.750% | 4,567.59 | 6,974.59 | 11,542.18 |
| Apr 1, 2011 | - | - | 4,486.35 | 4,486.35 | - |
| Oct 1, 2011 | 2,569.00 | 6.750% | 4,486.35 | 7,055.35 | 11,541.70 |
| Apr 1, 2012 | - | - | 4,399.65 | 4,399.65 | - |
| Oct 1, 2012 | 2,743.00 | 6.750% | 4,399.65 | 7,142.65 | 11,542.30 |
| Apr 1, 2013 | - | - | 4,307.07 | 4,307.07 | - |
| Oct 1, 2013 | 2,928.00 | 6.750% | 4,307.07 | 7,235.07 | 11,542.14 |
| Apr 1, 2014 | - | - | 4,208.25 | 4,208.25 | - |
| Oct 1, 2014 | 3,126.00 | 6.750% | 4,208.25 | 7,334.25 | 11,542.50 |
| Apr 1, 2015 | - | - | 4,102.75 | 4,102.75 | - |
| Oct 1, 2015 | 3,337.00 | 6.750% | 4,102.75 | 7,439.75 | 11,542.50 |
| Apr 1, 2016 | - | - | 3,990.13 | 3,990.13 | - |
| Oct 1, 2016 | 3,562.00 | 6.750% | 3,990.13 | 7,552.13 | 11,542.26 |
| Apr 1, 2017 | - | - | 3,869.91 | 3,869.91 | - |
| Oct 1, 2017 | 3,802.00 | 6.750% | 3,869.91 | 7,671.91 | 11,541.82 |
| Apr 1, 2018 | - | - | 3,741.59 | 3,741.59 | - |
| Oct 1, 2018 | 4,059.00 | 6.750% | 3,741.59 | 7,800.59 | 11,542.18 |
| Apr 1, 2019 | - | - | 3,604.60 | 3,604.60 | - |
| Oct 1, 2019 | 4,333.00 | 6.750% | 3,604.60 | 7,937.60 | 11,542.20 |
| Apr 1, 2020 | - | - | 3,458.36 | 3,458.36 | - |
| Oct 1, 2020 | 4,625.00 | 6.750% | 3,458.36 | 8,083.36 | 11,541.72 |

BOND DEBT SERVICE

West Virginia Water Development Authority
 Town of Sophia

SPECIMEN

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|------------|--------|------------|--------------|---------------------|
| Apr 1, 2021 | - | - | 3,302.27 | 3,302.27 | - |
| Oct 1, 2021 | 4,937.00 | 6.750% | 3,302.27 | 8,239.27 | 11,541.54 |
| Apr 1, 2022 | - | - | 3,135.65 | 3,135.65 | - |
| Oct 1, 2022 | 5,271.00 | 6.750% | 3,135.65 | 8,406.65 | 11,542.30 |
| Apr 1, 2023 | - | - | 2,957.75 | 2,957.75 | - |
| Oct 1, 2023 | 5,627.00 | 6.750% | 2,957.75 | 8,584.75 | 11,542.50 |
| Apr 1, 2024 | - | - | 2,767.84 | 2,767.84 | - |
| Oct 1, 2024 | 6,006.00 | 6.750% | 2,767.84 | 8,773.84 | 11,541.68 |
| Apr 1, 2025 | - | - | 2,565.14 | 2,565.14 | - |
| Oct 1, 2025 | 6,412.00 | 6.750% | 2,565.14 | 8,977.14 | 11,542.28 |
| Apr 1, 2026 | - | - | 2,348.73 | 2,348.73 | - |
| Oct 1, 2026 | 6,844.00 | 6.750% | 2,348.73 | 9,192.73 | 11,541.46 |
| Apr 1, 2027 | - | - | 2,117.75 | 2,117.75 | - |
| Oct 1, 2027 | 7,306.00 | 6.750% | 2,117.75 | 9,423.75 | 11,541.50 |
| Apr 1, 2028 | - | - | 1,871.17 | 1,871.17 | - |
| Oct 1, 2028 | 7,800.00 | 6.750% | 1,871.17 | 9,671.17 | 11,542.34 |
| Apr 1, 2029 | - | - | 1,607.92 | 1,607.92 | - |
| Oct 1, 2029 | 8,326.00 | 6.750% | 1,607.92 | 9,933.92 | 11,541.84 |
| Apr 1, 2030 | - | - | 1,326.92 | 1,326.92 | - |
| Oct 1, 2030 | 8,888.00 | 6.750% | 1,326.92 | 10,214.92 | 11,541.84 |
| Apr 1, 2031 | - | - | 1,026.95 | 1,026.95 | - |
| Oct 1, 2031 | 9,488.00 | 6.750% | 1,026.95 | 10,514.95 | 11,541.90 |
| Apr 1, 2032 | - | - | 706.73 | 706.73 | - |
| Oct 1, 2032 | 10,128.00 | 6.750% | 706.73 | 10,834.73 | 11,541.46 |
| Apr 1, 2033 | - | - | 364.91 | 364.91 | - |
| Oct 1, 2033 | 10,812.00 | 6.750% | 364.91 | 11,176.91 | 11,541.82 |
| | 156,705.00 | | 283,860.83 | 440,565.83 | 440,565.83 |

(Form of)

ASSIGNMENT

SPECIMEN

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 an the premises.

Dated: _____, _____.

In the presence of:



CERTIFICATE

I, Ken Flechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13 OF THE WEST VIRGINIA CODE AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia, on this



NINETEENTH day of
JULY 1995

Ken Flechler

*Secretary of State.
by Mrs. Coffey Secy.*

one [§ 16-12-1] of this article. The conduct of the hearing and the manner of conducting the subsequent election on the question whether such territory shall become disconnected and the issuance, reception, return and canvassing of the ballots shall be, as nearly as possible, in accordance with the provisions of section one of this article. The ballots for the election provided for in this section shall be substantially as follows, to wit:

- For disconnection from sanitary district.
- Against disconnection from sanitary district.

If a majority of the votes cast at such election shall be in favor of disconnection, and if the trustees of such sanitary district shall, by ordinance, disconnect such territory, thereupon the county court of the county in which the original petition for the formation of such sanitary district was filed, shall enter an appropriate order in the records of the said county court and thereafter such territory shall henceforth be deemed disconnected from such sanitary district. (1933, Ex. Sess., c. 24, § 14.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

ARTICLE 13.

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

- | Sec. | Sec. |
|---|---|
| 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds. | proceeds; additional and temporary bonds. |
| 16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions. | 16-13-11. Additional bonds to extend or improve works. |
| 16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works. | 16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds. |
| 16-13-4. Payment of preliminary expenses of surveys, etc. | 16-13-13. Application of revenue from bonds; lien. |
| 16-13-5. Ordinance necessary before acquisition or construction of works. | 16-13-14. Securing bonds by trust indenture. |
| 16-13-6. Publication and hearing upon ordinance. | 16-13-15. Sinking fund; transfer of balance of net revenues. |
| 16-13-7. Acquisition by condemnation or purchase. | 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services. |
| 16-13-8. Cost of works. | 16-13-17. Municipality subject to established rates. |
| 16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds. | 16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members. |
| 16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus | 16-13-18a. Publication of financial statement. |
| | 16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers. |
| | 16-13-20. Discharge of lien on property acquired. |
| | 16-13-21. Action on certificates or attached coupons; receivers. |

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| <p>Sec. 16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits. 16-13-22a. Grants, loans and advances. 16-13-22b. Contracts for abatement of pollution. 16-13-22c. Refunding bonds. 16-13-22d. Subordination of bonds. 16-13-22e. Operating contract. 16-13-22f. Exemption of bonds from taxation.</p> | <p>Sec. 16-13-22g. Covenants with bondholders. 16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected. 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution. 16-13-24. Article to be construed liberally.</p> |
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Editor's notes. — For redesignation of department of health as division of health, within the department of health and human resources, see § 5F-2-1.

Constitutionality. — See *Brewer v. City of Point Pleasant*, 114 W. Va. 572, 172 S.E. 717 (1934); *Stevenson v. City of Bluefield*, 39 F. Supp. 462 (S.D.W. Va. 1941); *West Virginia Water Serv. Co. v. Cunningham*, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Obligations incurred by a city under the authority of this article permitting the issuance of revenue bonds for the construction of sewers are not to be deemed "debts" within the constitutional inhibition. *United States v. City of Charleston*, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Legislative intent to protect municipalities from general obligations. — It appears clear that the legislature recognized the need for municipal utility systems; however, it did not wish the municipality to become generally obligated for the building or acquisition of the system. Financing is provided for primarily by revenue bonds, and bondholders are assured of a safe investment through the collection of sufficient user charges to service the bonds and maintain the assets of the system. Op. Att'y Gen., April 3, 1979.

No conflict with statutory limitations on expenditure of tax funds. — There is no conflict between this article, authorizing a city to incur expenses which are to be payable solely from the proceeds of revenue bonds, and the

general statutory limitations on the expenditure of money and incurring of obligations with respect to funds produced by tax levies. *United States v. City of Charleston*, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Limitation imposed by article read into agreement with federal works administrator. — Where a city made an agreement with the federal works administrator under the War Mobilization and Reconversion Act of 1944 with regard to advances of money to the city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, the limitation imposed by this article would be read into the agreement, since the parties are presumed to know the extent of the city's authority to make a binding contract. *United States v. City of Charleston*, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Municipality may not compel nonresidents to connect with a municipal sewer extended without its corporate limits. 48 Op. Att'y Gen. 19 (1958).

Ordinance held valid. — An ordinance of a municipal corporation, creating a sanitary board and authorizing such sanitary board to enter into contracts for the construction of a sewage system, was within the police power of the State delegated to municipalities by this chapter. *West Virginia Water Serv. Co. v. Cunningham*, 143 W. Va. 1, 98 S.E.2d 891 (1957).

§ 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.

Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered to own, acquire, construct, equip, operate and maintain within and/or without the corporate limits of such municipal corporation, a sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and

convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil and industrial waste of such municipal corporation and/or sanitary district, including acquisition of the municipal sewerage system resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b [§ 8-20-1b], article twenty, chapter eight of this code, and shall have authority to acquire by gift, grant, purchase, condemnation, or otherwise, all necessary lands, rights-of-way and property therefor, within and/or without the corporate limits of such municipal corporation and/or sanitary district, and to issue revenue bonds to pay the cost of such works and property; and any such municipality may serve and supply the facilities of such sewerage system within the corporate limits of such municipality and within the area extending twenty miles beyond the corporate limits of such municipality: Provided, That such municipality shall not serve or supply the facilities of such sewerage system within the corporate limits of any other municipality without the consent of the governing body thereof. No obligations shall be incurred by any such municipality and/or sanitary district in such construction or acquisition except such as is payable solely from the funds provided under the authority of this article. (1933, Ex. Sess., c. 25, § 1; 1955, c. 132; 1986, c. 118.)

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-2, 16-13-16, 24-1-1, 24-2-1, and 24-2-3. *Delardas v. Morgantown Water Comm'n*, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Use of territory in adjoining state authorized. — By this section and § 16-13-22 the legislature intended, insofar as it could, to confer upon such municipalities as might find its exercise convenient, the right to make nec-

essary and appropriate arrangements for the disposal of their sewage, even where that course involved the use of territory in an adjoining state. *Bernard v. City of Bluefield*, 117 W. Va. 556, 186 S.E. 298 (1936).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in City of Beckley v. Craighead, 125 W. Va. 484, 24 S.E.2d 908 (1943).

§ 16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.

The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby, shall be under the supervision and control of a sanitary board appointed by the governing body as set forth in section eighteen [§ 16-13-18] of this article. The term "works" as used in this article shall be construed to mean and include a works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof. The term "municipality" as used in this article shall be construed to mean any municipal corporation, incorporated city, town, village or sanitary district in the State of West Virginia. The term "governing body" as used in this article shall be construed to mean the mayor and council or other legally constituted governing body of any municipality. The term "board" when hereinafter used in this article shall be construed to mean the sanitary board as set up in section eighteen of this article. (1933, Ex. Sess., c. 25, § 2.)

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-1, 16-13-16, 24-1-1, 24-2-1 and 24-2-3. *Delardas v. Morgantown Water Comm'n*, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Quoted in *State ex rel. City of Wheeling v. Renick*, 145 W. Va. 640, 116 S.E.2d 763 (1960).
Cited in *United States v. City of Charleston*, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.

The board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of its powers under this article: Provided, That any contract relating to the financing of the acquisition or construction of any such works, or any trust indenture as hereinafter provided for, shall be approved by the governing body of such municipality before the same shall be effective. The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys, and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the board shall direct. All such compensation and all expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any authority or power herein given it so as to bind said board of said municipality beyond the extent to which money shall have been or may be provided under the authority of this article. No contract or agreement with any contractor or contractors for labor and/or material, exceeding in amount the sum of five thousand dollars, shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the board to reject any or all bids. After the construction, installation, and completion of the works, or the acquisition thereof, the board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the board may deem expedient, if funds therefor be available or are made available as provided in this article, and shall establish rules and regulations for the use and operation of the works, and of other sewers and drains connected therewith so far as they may affect the operation of such works, and do all things necessary or expedient for the successful operation thereof. The sanitary board may declare an emergency situation in the event of collector line breaks or vital treatment plant equipment failure and shall be exempted from competitive bidding requirements and enter into direct purchase agreements or contracts for such expenses. All public ways or public works damaged or destroyed by the board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided by this article. (1933, Ex. Sess., c. 25, § 3; 1989, c. 133.)

Contractor is not entitled to governmental immunities of municipality. — A contractor under contract with the sanitary board of a municipality for construction of a sewage treatment and disposal system is not entitled to the governmental immunities of the municipality incident to the construction project. *West Virginia Water Serv. Co. v. Cunningham*, 143 W. Va. 1, 98 S.E.2d 891 (1957).

And is liable on contract with third party. — Where a contract between a municipal sanitary board and a contractor, providing for the construction of a sanitary sewage system, provides inter alia that "existing surface, overhead or subsurface structures damaged or

destroyed by reason of the contractor's operations shall be promptly repaired or replaced in a satisfactory manner at the cost and expense of the contractor," and the contractor by job order requests enters into a contract with an existing water company to remove certain of the latter's water pipes which interfere with the construction of the sewage system, the contractor, in a notice of motion for judgment proceeding instituted by the water company, is liable for the expense so incurred. *West Virginia Water Serv. Co. v. Cunningham*, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Stated in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-4. Payment of preliminary expenses of surveys, etc.

All necessary preliminary expenses actually incurred by the board of any municipality in the making of surveys, estimates of costs and of revenue, employment of engineers or other employees, the giving of notices, taking of options and all other expenses of whatsoever nature, necessary to be paid prior to the issue and delivery of the revenue bonds pursuant to the provisions of this article, may be met and paid in the following manner. Said board may from time to time certify such items of expense to the clerk or recorder of said municipality, directing him to pay the several amounts thereof, and thereupon said clerk or recorder shall at once draw a warrant or warrants upon the treasurer of said municipality, which warrant or warrants shall be paid out of the general funds of said municipality not otherwise appropriated, without a special appropriation being made therefor by the governing body; or, in case there are no general funds of such municipality not otherwise appropriated, the clerk or recorder shall recommend to the governing body the temporary transfer from other funds of such municipality of a sufficient amount to meet such items of expense, or the making of a temporary loan for such purpose, and such governing body shall thereupon at once make such transfer of funds, or authorize such temporary loan in the same manner that other temporary loans are made by such municipality: Provided, however, That the fund or funds of such municipality from which such payments are made shall be fully reimbursed and repaid by said board out of the first proceeds of the sale of revenue bonds hereinafter provided for, and before any other disbursements are made therefrom, and the amount so advanced to pay such preliminary expenses, shall be a first charge against the proceeds resulting from the sale of such revenue bonds until the same has been repaid as herein provided. (1933, Ex. Sess., c. 25, § 4.)

A municipality is authorized to incur obligations for the purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from the proceeds of revenue bonds, and not in any way from tax levies. *United States v. City of Charleston*, 149 F.

Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

And may obtain advances by any procedure it may see fit to adopt. — Money used in preliminary engineering work prior to actually beginning construction of a sewage disposal system need not be handled by the sani-

tary board in accordance with the provisions of §§ 16-13-1, 16-13-18 and this section. The sanitary board is an agency of the city. This article merely requires that the construction and maintenance of the project be under the supervision and control of the sanitary board. A method is provided whereby the sanitary board may meet its own necessary preliminary expenses; but the city, in the early stages of the project, during that period in which the city has not even decided to go ahead with the work, and when there is no sanitary board in existence, is not prevented by any provision in the article from obtaining advances for plan preparation by any procedure which it may see fit to adopt. *United States v. City of Charleston*, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in

60 W. Va. L. Rev. 105 (1957).

United States entitled to recover advances made by federal works agency. — The United States was held entitled to recover from a city the amount of three advances of money made to the city by the federal works agency for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, and the city sanitary board was ordered to issue a requisition to the trustees, into whose hands proceeds of future bond issues came, to repay such advances out of any funds in its hands comprising proceeds of revenue bond issues. *United States v. City of Charleston*, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-5. Ordinance necessary before acquisition or construction of works.

Before any municipality shall construct or acquire any works under this article, the governing body shall upon petition of the board, enact an ordinance or ordinances which shall: (a) Set forth a brief and general description of the works and, if the same are to be constructed, a reference to the preliminary report which shall heretofore have been prepared and filed by an engineer chosen by the board as aforesaid; (b) set forth the cost thereof estimated by the engineer chosen as aforesaid; (c) order the construction or acquisition of such works; (d) direct that revenue bonds of the municipality shall be issued pursuant to this article in such an amount as may be found necessary to pay the cost of the works; and (e) contain such other provisions as may be necessary in the premises. (1933, Ex. Sess., c. 25, § 5.)

Quoted in *United States v. City of Charleston*, 149 F. Supp. 866 (S.D.W. Va. 1957).

Stated in *State ex rel. City of Wheeling v. Renick*, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-6. Publication and hearing upon ordinance.

After such ordinance shall have been adopted, an abstract of the ordinance, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II 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 that said ordinance has been adopted, and that the municipality contemplates the issuance of the bonds described in the ordinance, and that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the first date of publication of such abstract and notice which shall not be prior to the last date of publication of such abstract and notice, and present protests. At such hearing all objections and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided,

however, That if at such a hearing written protest is filed by thirty percent or more of the owners of real estate situate in said municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of the said governing body assent thereto. (1933, Ex. Sess., c. 25, § 6; 1967, c. 105; 1981, 1st Ex. Sess., c. 2.)

§ 16-13-7. Acquisition by condemnation or purchase.

Every such municipality shall have power to condemn any such works to be acquired and any land, rights, easements, franchises and other property, real or personal, deemed necessary or convenient for the construction of any such works, or for extensions, improvements, or additions thereto, and in connection therewith may have and exercise all the rights, powers and privileges of eminent domain granted to municipal corporations under the laws relating thereto. Title to property condemned shall be taken in the name of the municipality. Proceedings for such appropriation of property shall be under and pursuant to the provisions of chapter fifty-four [§ 54-1-1 et seq.], of the Code of West Virginia, one thousand nine hundred thirty-one, and acts amendatory and supplemental thereto: Provided, That the municipality shall be under no obligation to accept and pay for any property condemned, and shall in no event pay for any property condemned or purchased, except from the funds provided pursuant to this article; and in any proceedings to condemn, such orders may be made as may be just to the municipality and to the owners of the property to be condemned, and an undertaking or other security may be required securing such owners against any loss or damage to be sustained by reason of the failure of the municipality to accept and pay for the property, but such undertaking or security shall impose no liability upon the municipality except such as may be paid from the funds provided under the authority of this article. In event of the acquisition by purchase the board may obtain and exercise an option from the owner or owners of said property for the purchase thereof, or may enter into a contract for the purchase thereof, and such purchase may be made upon such terms and conditions, and in such manner as the board may deem proper. In event of the acquisition of any works already constructed by purchase or condemnation, the board at or before the time of the adoption of the ordinance described in section five [§ 16-13-5] hereof, shall cause to be determined what repairs, replacements, additions, and betterments will be necessary in order that such works may be effective for their purpose, and an estimate of the cost of such improvements shall be included in the estimate of the cost required by section five hereof, and such improvement shall be made upon the acquisition of the works and as a part of the cost thereof. (1933, Ex. Sess., c. 25, § 7.)

§ 16-13-8. Cost of works.

The cost of the works shall be deemed to include the cost of acquisition or construction thereof, the cost of all property, rights, easements, and franchises deemed necessary or convenient therefor and for the improvements determined upon as provided in this article; interest upon bonds prior to and during

construction or acquisition and for six months after completion of construction or of acquisition of the improvement last mentioned; engineering and legal expenses; expense for estimates of cost and of revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized and the construction or acquisition of the works and the placing of the works in operation and the performance of the things herein required or permitted in connection with any thereof. (1933, Ex. Sess., c. 25, § 8.)

Expenses incurred in "determining the feasibility or practicability of the enterprise." — It is foreseen, as shown in this section, that a city may probably incur expenses in "determining the feasibility or practicability of the enterprise." Such determination would of course be made prior to the issuance of any revenue bonds, and probably before the creation of a sanitary board. It might often result in a rejection of the project altogether, in which event no revenue bonds would be issued, and any obligation incurred by the city might prove to be uncollectible. On the other hand, if the project be undertaken by the city, whatever loans may have been made on the faith of the revenue bonds would or should be included in the cost of the works and repaid out of the proceeds of the bonds. *United States v. City of Charleston*, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Advances from the United States to a city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system represent a part of the cost of the works which should have been repaid out of the first proceeds received from the sale of the first issue of revenue bonds. Such repayment would not in any way increase the cost of the works; it was the very first item of expense incurred in connection with the works. Under the agreement between the city and the United States, it was a liability from the moment construction of the sewage treatment and disposal plant was begun. No disadvantage would result to bondholders as a result of the payment of this just debt out of the proceeds of a future revenue bond issue. *United States v. City of Charleston*, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.

Nothing in this article contained shall be so construed as to authorize or permit any municipality to make any contract or to incur any obligation of any kind or nature except such as shall be payable solely from the funds provided under this article. Funds for the payment of the entire cost of the works, exclusive of any portions of the cost that may be defrayed out of any grant or contribution, shall be provided by the issuance of revenue bonds of the municipality, the principal and interest of which shall be payable solely from the fund herein provided for such payment, and said bonds shall not, in any respect, be a corporate indebtedness of such municipality, within the meaning of any statutory or constitutional limitations thereon. All the details of such bonds shall be determined by ordinance or ordinances of the municipality. (1933, Ex. Sess., c. 25, § 9; 1949, c. 93.)

Cross references. — See notes to § 16-13-8. **The provisions of this article become a part of the contract between the municipality and the bondholders** as effectually as if written verbatim in the bonds. The bondhold-

ers are bound by their contract in this instance just as firmly as in any other legal contract. Consequently, the bonds do not create a corporate indebtedness of the municipality. *Brewer v. City of Point Pleasant*, 114 W. Va. 572, 172 S.E.

717 (1934); *United States v. City of Charleston*, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Contractual obligation between municipalities not relieved by inability of town to sell revenue bonds. — Under the provisions of §§ 16-13-19 and 16-13-23a, a city and a town may enter into a contract whereby the city agreed to construct a sewage disposal facility and the town agreed to contribute to the cost of the construction of the facility in return for the right to use the facility, and the fact that the town was unable to sell revenue bonds because

it was not allowed to have part ownership in the treatment plant or interceptor sewers did not relieve the town of its contractual obligation when the city offered to buy the revenue bonds issued by the town. Since the contracts were authorized by statute and were thus not ultra vires, even if the contracts were not formally approved by ordinance, the municipalities were estopped from asserting any invalidity of the contracts on such ground. *City of Morgantown v. Town of Star City*, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds.

Such revenue bonds shall bear interest at not more than twelve percent per annum, payable at such times, and shall mature at such time or times as may be determined by ordinance. Such bonds may be made redeemable before maturity at the option of the municipality, to be exercised by said board, at not more than the par value thereof and a premium of five percent, under such terms and conditions as may be fixed by the ordinance authorizing the issuance of the bonds. The principal and interest of the bonds may be made payable in any lawful medium. Said ordinance shall determine the form of the bonds, either coupon or registered, shall set forth any registration and conversion privileges, and shall fix the denomination or denominations of such bonds and the place or places of payment of the principal and interest thereof, which may be at any bank or trust company within or without the State. The bonds shall contain a statement on their face that the municipality shall not be obligated to pay the same or the interest thereon except from the special fund provided from the net revenues of the works. All such bonds shall be, and shall have and are hereby declared to have all the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State. Said bonds shall be exempt from all taxation, state, county and municipal. Such bonds shall be executed by the proper legally constituted authorities of the municipality, and be sealed with the corporate seal of the municipality, and in case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers, before delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Such bonds shall be sold at a price not lower than a price, which when computed upon standard tables of bond values, will show a net return of not more than thirteen per centum per annum to the purchaser upon the amount paid therefor, and the proceeds derived therefrom shall be used exclusively for the purposes for which said bonds are issued and same may be sold at one time or in parcels as funds are needed. Any surplus of bond proceeds over and above the cost of the works shall be paid into the

sinking fund hereinafter provided. If the proceeds of the bonds, by error of calculation or otherwise, shall be less than the cost of the works, additional bonds may in like manner be issued to provide the amount of such deficit and, unless otherwise provided in said ordinance authorizing the issuance of the bonds first issued or in the trust indenture hereinafter authorized, shall be deemed to be of the same issue and shall be entitled to payment without preference or priority of the bonds first issued. Prior to the preparation of the definitive bonds, temporary bonds may under like restrictions be issued with or without coupons, exchangeable for definitive bonds upon the issuance of the latter. (1933, Ex. Sess., c. 25, § 10; 1970, c. 11; 1980, c. 33; 1981, 1st Ex. Sess., c. 2.)

§ 16-13-11. Additional bonds to extend or improve works.

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other definite bonds upon the issuance of the latter. (1933, Ex. Sess., c. 25, § 11.)

§ 16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds.

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time, under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other bond by reason of priority of issuance or otherwise. (1933, Ex. Sess., c. 25, § 12.)

§ 16-13-13. Application of revenue from bonds; lien.

All moneys received from any bonds issued pursuant to this article, after reimbursements and repayment to said municipality of all amounts advanced for preliminary expenses as provided in section four [§ 16-13-4] of this article, shall be applied solely to the payment of the cost of the work, extensions, improvements or betterments, or to the appurtenant sinking fund and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holders of the bonds or the trustees hereinafter provided for. (1933, Ex. Sess., c. 25, § 13.)

Quoted in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-14. Securing bonds by trust indenture.

In the discretion of the governing body such bonds may be secured by a trust indenture by and between the municipality and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the State of West Virginia but no such trust indenture shall convey or mortgage the works or any part thereof. The ordinance authorizing the revenue bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the municipality and the board in relation to the construction or acquisition of the works and the improvement, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that the works shall be contracted for, constructed and paid for under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, successors, assigns or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the works or other moneys pertaining thereto be satisfactory to such purchasers, successors, assigns or nominees. Such indenture may set forth the rights and remedies of the bondholders and/or such trustee, restricting the individual right of action of bondholders as is customary in trust indentures securing bonds and debentures of corporations. Except as in this article otherwise provided, the governing body may provide by ordinance or in such trust indenture for the payment of the proceeds of the sale of the bonds and the revenues of the works to such officer, board or depository as it may determine for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. (1933, Ex. Sess., c. 25, § 14.)

§ 16-13-15. Sinking fund; transfer of balance of net revenues.

At or before the issuance of any such bonds the governing body shall by said ordinance create a sinking fund, to be remitted to and administered by the West Virginia municipal bond commission, for the payment of the bonds and the interest thereon and the payment of the charges of banks or trust companies for making payment of such bonds or interest, and shall set aside and pledge a sufficient amount of the net revenues of the works, hereby defined to mean the revenues of the works remaining after the payment of the reasonable expense of operation, repair and maintenance, such amount to be paid by the board into said sinking fund at intervals to be determined by ordinance prior to issuance of the bonds, for: (a) The interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or, if

all bonds mature at one time, the proper maintenance of a sinking fund in such amounts as are necessary and sufficient for the payment thereof at such time; (d) a margin for safety and for the payment of premiums upon bonds retired by call or purchase as herein provided, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenue of the works. Prior to the issuance of the bonds the board may by ordinance be given the right to use or direct the West Virginia municipal bond commission to use such sinking fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof, but not exceeding the price, if any, at which the same shall in the same year be payable or redeemable, and all bonds redeemed or purchased shall forthwith be cancelled and shall not again be issued. After the payments into such fund as herein required, the board may at any time in its discretion transfer all or any part of the balance of the net revenues, after reserving an amount deemed by the board sufficient for operation, repair and maintenance for an ensuing period of not less than twelve months and for depreciation, into the sinking fund or into a fund for extensions, betterments and additions to the works. The amounts of the balance of the net revenue as and when so set apart shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and with the ordinance pursuant to which such bonds have been issued. The West Virginia municipal bond commission is hereby authorized to act as fiscal agent for the administration of such sinking fund, under any ordinance passed pursuant to the provisions of this article, and shall invest all such sinking funds as provided by general law. Notwithstanding the foregoing, payments of principal and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the governing body directly thereto. (1933, Ex. Sess., c. 25, § 15; 1933, 2nd Ex. Sess., c. 48; 1986, c. 118.)

§ 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.

The governing body shall have power, and it shall be its duty, by ordinance, to establish and maintain just and equitable rates or charges for the use of and the service rendered by such works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses such works by or through any part of the sewerage system of the municipality, or that in any way uses or is served by such works, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expense of operation, repair, replacements and maintenance of the works and for the payment of the sums herein required to be paid into the sinking fund. Revenues collected pursuant to this section shall be deemed the revenues of the works. No such rates or charges shall be established until after a public hearing, at which all

the users of the works and owners of property served or to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication as a Class II-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 first publication shall be made at least ten days before the date fixed in such notice for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing rates or charges, either as originally introduced or as modified and amended, shall be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the board having charge of the operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, however, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. The aggregate of the rates or charges shall always be sufficient for such expense of operation, repair and maintenance and for such sinking fund payments. All such rates or charges, if not paid when due, shall constitute a lien upon the premises served by such works. If any service rate or charge so established shall not be paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the board in a civil action in the name of the municipality, and in connection with such action said lien may be foreclosed against such lot, parcel of land or building, in accordance with the laws relating thereto: Provided, however, That where both water and sewer services are furnished by any municipality to any premises the schedule of charges may be billed as a single amount or individually itemized and billed for the aggregate thereof. Whenever any rates, rentals or charges for services or facilities furnished shall remain unpaid for a period of thirty days after 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. The board collecting such charges shall be obligated under reasonable rules and regulations, to shut off and discontinue both water and sewer services to all delinquent users of either water facilities, or sewer facilities, or both, and shall not restore either water facilities or sewer facilities to any delinquent user of either until all delinquent charges for both water facilities and sewer facilities, including reasonable interest and penalty charges, have been paid in full. (1933, Ex. Sess., c. 25, § 16; 1933, 2nd Ex. Sess., c. 48; 1959, c. 125; 1967, c. 105.)

Rules of Civil Procedure. — As to abolition of procedural distinctions between law and equity, see R.C.P. 2.

Textbooks. — Administrative Law in West Virginia (Neely), § 3.07.

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-1, 16-13-2, 24-1-1, 24-2-1, and 24-2-3. *Delardas v. Morgantown Water Comm'n*, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Municipal sewer system is subject to jurisdiction of public service commission. 45 Op. Att'y Gen. 642 (1954).

Hence, municipality is required to file its rates with the commission for approval in accordance with § 24-2-1 et seq. 45 Op. Att'y Gen. 642 (1954).

Jurisdiction to enforce lien. — The fact that this section speaks of the enforcement of the lien in a "civil action" should not be construed as placing that jurisdiction in our courts of law simply because the word "action," strictly applied, does not usually refer to chancery

practice. *City of Beckley v. Craighead*, 125 W. Va. 484, 24 S.E.2d 908 (1943).

Discrimination not shown. — Charges made against the users of a city sewage system were based upon the amount of water used upon the premises as indicating the extent to which the sewers were used. The charges were subject to a deduction of the amount of water retained on the premises, such amount to be determined by a meter installed by the consumer and used to record gallonage of water that had come on the property but had not been disposed of through the sewers. It was held that the method under which the charges were assessed was neither capricious nor unfair although certain users had been unable to install meters used to measure their deductions. *Houchins v. City of Beckley*, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Applied in *Brewer v. City of Point Pleasant*, 114 W. Va. 572, 172 S.E. 717 (1934).

Quoted in State ex rel. *City of Wheeling v. Renick*, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-17. Municipality subject to established rates.

The municipality shall be subject to the same charges and rates established as hereinbefore provided, or to charges and rates established in harmony therewith, for service rendered the municipality, and shall pay such rates or charges when due from corporate funds and the same shall be deemed to be a part of the revenues of the works as herein defined, and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 17.)

Quoted in *West Virginia Water Serv. Co. v. Cunningham*, 143 W. Va. 1, 98 S.E.2d 891 (1957).

§ 16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.

The governing body shall provide by ordinance the organization of the board, and that the custody, administration, operation and maintenance of such works shall be under the supervision and control of a sanitary board, created as herein provided. Such sanitary board shall be composed of either the mayor of the municipality, or the city manager thereof, if said municipality shall have a city manager form of government, and two persons appointed by the governing body: Provided, That, in the event of an acquisition or merger of an existing sewage works, the governing body may increase the membership to a maximum of four members in addition to the mayor or city manager of the municipality served by the board. During the construction period one of the members must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a

person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration of the term of his public office. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. Each member shall give such bond, if any, as may be required by ordinance. Such mayor or city manager shall act as chairman of the sanitary board, which shall elect a vice chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice chairman, secretary and treasurer shall hold office as such at the will of the sanitary board. The members of the sanitary board shall receive such compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this section referred to, shall be paid solely from funds provided under the authority of this article. The sanitary board shall have power to establish bylaws, rules and regulations for its own government. (1933, Ex. Sess., c. 25, § 18; 1939, c. 96; 1953, c. 146; 1957, c. 137; 1992, c. 95.)

Effect of article generally. — The effect of the provisions of this article is to authorize and empower a municipal corporation in this State to own, construct, equip, operate and maintain sewer systems, to place the construction, operation and management of such systems under the supervision and control of a sanitary board appointed by the governing body, to authorize such board to operate, manage and control them and to order and complete any extensions or betterments that the board may deem expedient. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

There is no repugnancy between the provisions of this article and §§ 24-1-1, 24-2-1 or 24-3-1, and for these reasons, the provisions of this article do not operate to repeal any of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

The provisions of this article do not revise the subject matter of §§ 24-1-1, 24-2-1 or 24-3-1, and they were not intended as a substitute for any of the provisions of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

In conferring such power and authority upon a municipality by this article, the legislature did not create, or intend to create, any repugnancy or inconsistency between the provisions

of this article and the pertinent provisions of chapter 24, or to repeal any of those provisions of that chapter. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Public service commission may order extension of service. — A public utility is under a duty to make reasonable extensions of its services in accordance with its franchise and charter obligations and the needs of the inhabitants within the territory covered by its franchise; and a public service commission may, where its action is not unlawful, arbitrary, or capricious, order an extension of service for the inhabitants of such territory. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Sanitary board may be incorporated and domesticated in adjoining state. — Since the incorporation of its sanitary board and its domestication in the state of Virginia was the only plan by which the power intended to be granted by the legislature to a city to construct a sewage disposal plant outside the State of West Virginia could be legally effectuated, the power to so incorporate its sanitary board was a necessary and incidental right to the main power granted. Bernard v. City of Bluefield, 117 W. Va. 556, 186 S.E. 298 (1936).

Member of city council may not serve as consulting engineer to the sanitary board on

city sewer project. 49 Op. Att'y Gen. 60 (1961).

Mayor and city manager may not both be appointed to municipal sanitary board.

— When a municipal corporation has a city manager form of government, the municipality's governing board has the option of appointing either its mayor or its city manager (but not both) to the municipal sanitary board. 52 Op. Att'y Gen. 217 (1967).

As to scope of duties and responsibilities of city treasurer as they relate to possession of funds of a sanitary board, see 52 Op. Att'y Gen. 497 (1967).

Applied in Houchins v. City of Beckley, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Cited in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-18a. Publication of financial statement.

Every sanitary board shall prepare a financial statement and cause the same to be published as a Class I 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 sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the board as soon as practicable after the close of the fiscal year: Provided, That such statement for the fiscal year ending June thirtieth, one thousand nine hundred fifty-six, may be published any time during the year one thousand nine hundred fifty-seven. The statement shall be sworn to by the chairman and secretary and treasurer of the board. If a board fails or refuses to perform the duties hereinbefore named, every member of the board concurring in such failure or refusal shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than one hundred nor more than five hundred dollars and the circuit court or criminal court and justices of the peace, of the county where the offense was committed, shall have concurrent jurisdiction to try such offense. (1957, c. 138; 1967, c. 105.)

Editor's notes. — The phrase "justice of the peace" and the word "justice," when used in a context meaning "justice of the peace," are construed to mean "magistrate." See § 50-1-17 and W. Va. Const., art. VIII, § 15.

§ 16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.

Any municipality operating a sewage collecting system and/or a sewage disposal plant or plants as defined in this article, or which as herein provided has ordered the construction or acquisition of such works (in this section called the owner), is hereby authorized to contract with one or more other municipal corporations or political subdivisions within the State (in this section called the

W. VA. CONST. ART. VIII, § 15

lessee), and such lessees are hereby authorized to enter into such contracts with such owners, for the service of such works to such lessees and their inhabitants, but only to the extent of the capacity of the works without impairing the usefulness thereof to the owners, upon such terms and conditions as may be fixed by the boards and approved by ordinances of the respective contracting parties: Provided, however, That no such contract shall be made for a period of more than forty years or in violation of the provisions of said ordinance authorizing bonds hereunder or in violation of the provisions of said trust indenture. The lessee shall by ordinance have power to establish, change and adjust rates and charges for the service rendered therein by the works against the owners of the premises served, in the manner hereinbefore provided for establishing, changing and adjusting rates and charges for the service rendered in the municipality where the works are owned and operated, and such rates or charges shall be collectible and shall be a lien as herein provided for rates and charges made by the owner. The necessary intercepting sewers and appurtenant works for connecting the works of the owner with the sewerage system of the lessee shall be constructed by the owner and/or the lessee upon such terms and conditions as may be set forth in said contract, and the cost or that part of the cost thereof which is to be borne by the owner may be paid as a part of the cost of the works from the proceeds of bonds issued under this article unless otherwise provided by said ordinance or trust indenture prior to the issuance of the bonds. The income received by the owner under any such contract shall, if so provided in said ordinance or trust indenture, be deemed to be a part of the revenues of the works as in this article defined and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 19; 1981, 1st Ex. Sess., c. 2.)

Applied in *City of Morgantown v. Town of Star City*, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-20. Discharge of lien on property acquired.

No property shall be acquired under this article upon which any lien or other encumbrance exists, unless at the time such property is acquired a sufficient sum of money be deposited in trust to pay and redeem such lien or encumbrance in full. (1933, Ex. Sess., c. 25, § 20.)

§ 16-13-21. Action on certificates or attached coupons; receivers.

Any holder of any such certificates or any of the coupons attached thereto, and the trustee, if any, except to the extent the rights herein given may be restricted by said ordinance authorizing issuance of the bonds or by the trust indenture, may either at law or in equity, by suit, action, mandamus or other proceeding protect and enforce any and all rights granted hereunder or under such ordinance or trust indenture, and may enforce and compel performance of all duties required by this article or by such ordinance or trust indenture to be performed by the municipality issuing the bonds or by the board or any officer,

including the making and collecting of reasonable and sufficient charges and rates for service rendered by the works. If there be any failure to pay the principal or interest of any of the bonds on the date therein named for such payment, any court having jurisdiction of the action may appoint a receiver to administer the works on behalf of the municipality and the bondholders and/or trustee, except as so restricted, with power to charge and collect rates sufficient to provide for the payment of the expenses of operation, repair and maintenance and also to pay any bonds and interest outstanding and to apply the revenues in conformity with this article and the said ordinance and/or trust indenture. (1933, Ex. Sess., c. 25, § 21.)

Rules of Civil Procedure. — As to abolition of procedural distinctions between law and equity, see Rule 2.

As to receivers, see Rule 66.
As to application of rules to extraordinary remedies, see Rule 81(a)(5).

§ 16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.

The authority herein given shall be in addition to and not in derogation of any power existing in any municipality under any statutory or charter provisions which it may now have or hereafter adopt. For all purposes of this article, all municipal corporations shall have jurisdiction for ten miles outside the corporate limits thereof. (1933, Ex. Sess., c. 25, § 22.)

§ 16-13-22a. Grants, loans and advances.

Any municipality is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition or construction of said sewage works and the construction of betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said sewage works or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1949, c. 93; 1961, c. 107; 1980, c. 59; 1981, 1st Ex. Sess., c. 2; 1986, c. 118.)

Stated in *United States v. City of Charleston*, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-22b. Contracts for abatement of pollution.

When determined by its legislative body to be in the public interest and necessary for the protection of the public health, any municipality is authorized to enter into and perform contracts, whether long-term or short-term, with any industrial establishment for the provision and operation by the municipality of sewerage facilities to abate or reduce the pollution of waters caused by discharges of industrial wastes by the industrial establishment and the payment periodically by the industrial establishment to the municipality of amounts at least sufficient, in the determination of such legislative body, to compensate the municipality for the cost of providing (including payment of principal and interest charges, if any), and of operating and maintaining the sewerage facilities serving such industrial establishment. (1949, c. 93.)

§ 16-13-22c. Refunding bonds.

Any municipality is authorized to issue refunding revenue bonds to refund, pay or discharge all or any part of its outstanding revenue bonds, including interest thereon, if any, in arrears or about to become due. The relevant provisions in this article pertaining to revenue bonds shall be equally applicable in the authorization and issuance of refunding revenue bonds, including their terms and security, the ordinance, the trust indenture, rates, or other aspects of the bonds. (1949, c. 93.)

§ 16-13-22d. Subordination of bonds.

Notwithstanding any other provisions to the contrary in this article, any municipality authorizing the issuance of bonds under this article in an effort to aid in the abatement or reduction of the pollution of any waters or streams may provide in the ordinance authorizing the issuance of the bonds and in any trust indenture pertaining thereto that such bonds, or any additional bonds that may thereafter be issued to extend or improve the works, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to the payment of principal and interest and the security thereof, to such other bonds as are designated in the ordinance. (1949, c. 93.)

§ 16-13-22e. Operating contract.

Any such municipality may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the facilities and properties of said sewerage system, or any part thereof, for such

period of time and under such terms and conditions as shall be agreed upon between such municipality and such persons, firms or corporations. Such municipality shall have power to provide in the resolution authorizing the issuance of bonds hereunder, or in any trust indenture, securing such bonds, that such contracts or agreements shall be valid and binding upon the municipality as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1955, c. 132.)

§ 16-13-22f. Exemption of bonds from taxation.

Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with sewerage system, and all the moneys, revenues and other income of such municipality derived from such sewerage system shall be exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. (1955, c. 132.)

§ 16-13-22g. Covenants with bondholders.

Any resolution authorizing the issuance of bonds hereunder, or any trust indenture with any bank or trust company within or without the State, for the security of said bonds, may contain covenants with the holders of such bonds as to:

(a) The purpose or purposes to which the proceeds of sale of such bonds, or the revenues derived from said sewerage system, may be applied and the securing, use and disposition thereof, including, if deemed desirable, the appointment of a trustee or depository for any of such funds;

(b) The pledging of all or any part of the revenues derived from the ownership, operation or control of such sewerage systems, including any part thereof heretofore or hereafter constructed or acquired or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for such reserve or other funds as may be deemed necessary or desirable;

(c) The fixing, establishing and collecting of such fees, rentals or other charges for the use of the services and facilities of such sewerage system, including the parts thereof heretofore or hereafter constructed or acquired and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of operation, maintenance and repair of such sewerage system, the payment of the principal of and interest on all bonds or other obligations payable from the revenues of such sewerage system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of such bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of such sewerage system of an amount equal to the cost of furnishing the municipality or any of its departments, boards or agencies with the services and facilities of such sewerage system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenue of such sewerage system, and the rank or

priority, as to lien and source and security for payment from the revenues of such sewerage system, between bonds payable from such revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which such defaults may be declared cured and the acceleration of the maturity of such bonds rescinded and repealed;

(g) Budgets for the annual operation, maintenance and repair of such sewerage system and restrictions and limitations upon expenditures for such purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of such budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon such sewerage system, or any part thereof, and the use and disposition of the proceeds of any insurance;

(i) The keeping of books of account, relating to such undertakings and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified, or approved by accountants designated or approved by the holders of bonds issued hereunder;

(j) Such other additional covenants as shall be deemed necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such other covenants are not expressly enumerated hereunder, it being the intention hereof to grant to such municipalities the power to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as such covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant such municipalities full and complete power to enter into any contracts, covenants or agreements with holder of bonds issued hereunder not inconsistent with the Constitution of the State of West Virginia. (1955, c. 132.)

§ 16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected.

This article, shall, without reference to any other statute, be deemed full authority for the construction, acquisition, improvement, equipment, maintenance, operation and repair of the works herein provided for and for the issuance and sale of the bonds by this article authorized, and shall be construed as an additional and alternative method therefor and for the financing thereof, and no petition or election or other or further proceeding in respect to the construction or acquisition of the works or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to such construction or acquisition or to the issuance or sale of such bonds shall be required except such as are prescribed

by this article, any provisions of other statutes of the State to the contrary notwithstanding: Provided, however, That all functions, powers and duties of the state department of health shall remain unaffected by this article. (1933, Ex. Sess., c. 25, § 23.)

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

Notwithstanding any other provision contained in this article, and in addition thereto, the governing body of any municipal corporation which has received or which hereafter receives an order issued by the director of the division of environmental protection or the environmental quality board requiring such municipal corporation to cease the pollution of any stream or waters, is hereby authorized and empowered to fix, establish and maintain, by ordinance, just and equitable rates or charges for the use of the services and facilities of the existing sewer system of such municipal corporation, and/or for the use of the services and facilities to be rendered upon completion of any works and system necessary by virtue of said order, to be paid by the owner, tenant or occupant of each and every lot or parcel of real estate or building that is connected with and uses any part of such sewer system, or that in any way uses or is served thereby, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient for the payment of all the proper and reasonable costs and expenses of the acquisition and construction of plants, machinery and works for the collection and/or treatment, purification and disposal of sewage, and the repair, alteration and extension of existing sewer facilities, as may be necessary to comply with such order of the director of the division of environmental protection or the environmental quality board, and for the operation, maintenance and repair of the entire works and system; and the governing body shall create, by ordinance, a sinking fund to accumulate and hold any part or all of the proceeds derived from rates or charges until completion of said construction, to be remitted to and administered by the municipal bond commission by expending and paying said costs and expenses of construction and operation in the manner as provided by said ordinance; and after the completion of the construction such rates or charges shall be sufficient in each year for the payment of the proper and reasonable costs and expenses of operation, maintenance, repair, replacement and extension from time to time, of the entire sewer and works. No such rates or charges shall be established until after a public hearing, at which all the potential users of the works and owners of property served or to be served thereby and others shall have had an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication of such notice as a Class II-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 is the municipality. The first publication shall be made at least ten days before the date fixed therein for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing the rates or charges, either as originally introduced or as modified and amended, may be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the sanitary board having charge of the construction and operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, That if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice is required. If any rate or charge so established is not paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the sanitary board of such municipal corporation in a civil action in the name of the municipality. Any municipal corporation exercising the powers given herein has authority to construct, acquire, improve, equip, operate, repair and maintain any plants, machinery, or works necessary to comply with such order of the director of the division of environmental protection or the environmental quality board, and the authority provided herein to establish, maintain and collect rates or charges is an additional and alternative method of financing such works and matters, and is independent of any other provision of this article insofar as such article provides for or requires the issuance of revenue bonds or the imposition of rates and charges in connection with such bonds: Provided, however, That except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in compliance with an order of the director of the division of environmental protection or the environmental quality board, and the rights, powers, and duties of such municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article. (1955, c. 135; 1967, c. 105; 1994, c. 61.)

Effect of amendment of 1994. — The amendment substituted "director of the division of environmental protection or the environmental quality board" for "chief of the division of water resources or the state water resources board" twice preceding the two provisos and for "state water resources board" once in each proviso; substituted "municipal bond

commission" for "state sinking fund commission"; deleted "however" in the first proviso; and made other minor changes.

Textbooks. — Administrative Law in West Virginia (Neely), § 3.07.

Applied in *City of Morgantown v. Town of Star City*, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1967).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

- | Sec. | Sec. |
|---|---|
| 16-13A-1. Legislative findings. | 16-13A-10. Budget. |
| 16-13A-1a. Jurisdiction of the public service commission. | 16-13A-11. Accounts; audit. |
| 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts. | 16-13A-12. Disbursement of district funds. |
| 16-13A-1c. General purpose of districts. | 16-13A-13. Revenue bonds. |
| 16-13A-2. Creation of districts by county commission; enlarging, reducing or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state. | 16-13A-14. Items included in cost of properties. |
| 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards. | 16-13A-15. Bonds may be secured by trust indenture. |
| 16-13A-3a. Removal of members of public service board. | 16-13A-16. Sinking fund for revenue bonds. |
| 16-13A-4. Board chairman; members' compensation; procedure; district name. | 16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver. |
| 16-13A-5. General manager of board. | 16-13A-18. Operating contracts. |
| 16-13A-6. Employees of board. | 16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds. |
| 16-13A-7. Acquisition and operation of district properties. | 16-13A-19. Statutory mortgage lien created; foreclosure thereof. |
| 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers. | 16-13A-20. Refunding revenue bonds. |
| 16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees. | 16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption. |
| 16-13A-9a. Limitations with respect to foreclosure. | 16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards. |
| | 16-13A-23. Validation of acts and proceedings of public service boards. |
| | 16-13A-24. Acceptance of loans, grants or temporary advances. |
| | 16-13A-25. Borrowing and bond issuance; procedure. |