THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

Closing Date: July 10, 2006

TRANSCRIPT OF PROCEEDINGS

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State of West Virginia

Certificate

I, Betty Ireland, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 20 OF THE WEST VIRGINIA CODE, AND CHAPTER 8, ARTICLE 20 OF THE 2006 SUPPLEMENT TO 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

June 30, 2006

Betty Ireland

Secretary of State

sources for each hydrant or group of hydrants installed in compliance with section nine [§ 16-1-9], article one, chapter sixteen of the West Virginia code as amended: Provided, That all newly constructed water distribution systems transferred to a public or private utility shall have mains at least six inches in diameter where fire flows are desired or required by the public or private utility: Provided, however, That the utility providing service has sufficient hydraulic capacity as determined by the department of health and human resources. (1994, c. 31.)

ARTICLE 20.

COMBINED SYSTEMS.

Part I. Combined Waterworks and Sewerage Systems Authorized; Definitions.

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8-20-16. Grants, loans and advances.
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Revision of chapter. — See note under the same catchline at the beginning of this chapter.

Legislative intent. — 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.

PART I. COMBINED WATERWORKS AND SEWERAGE SYSTEMS AUTHORIZED; DEFINITIONS.

§ 8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.

Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks and sewerage system either wholly within or partly within and partly without the corporate limits thereof, under the provisions of this article, and any municipality owning and operating either a waterworks or a sewerage system, but not both, may acquire, construct, establish and equip the waterworks or sewerage system which it does not then own and operate, and in either of such cases such municipality may provide by ordinance that when such waterworks or sewerage system, or both, shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operating an existing waterworks system and an existing sewerage system may by ordinance combine the same into a single undertaking under the provisions of this article.

Any municipality which has combined its waterworks and sewerage system under the provisions of this article, or pursuant to provisions of any other law, may hereafter construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of said combined waterworks and sewerage system, or both, and may finance the acquisition, construction, establishment and equipment of any such waterworks or sewerage system, or both, or the construction of extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of such combined waterworks and sewerage system, or both, by the issuance of revenue bonds under the provisions of this article.

Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with the water or sewer services and facilities, or both, of its combined waterworks and sewerage system: Provided, That such water or sewer services and facilities shall not be served or supplied within the corporate limits of any other municipality without the consent of the governing body of such other municipality.

When used in this article, the term "waterworks system" shall be construed to mean and include a waterworks system in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus, and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or

to a water supply system; the term "sewerage system" shall be construed to mean and include any or all of the following: A sewage treatment plant or plants, collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes; and the term "combined waterworks and sewerage system" shall be construed to mean and include a waterworks and sewerage system, which a municipality determines by ordinance to operate in combination. (1939, c. 98, §§ 1, 2; 1947, c. 112; 1955, c. 131; 1969, c. 86.)

Eminent domain. — Municipalities that operate sewer systems may exercise the power of eminent domain. When such a municipality is obliged to exercise that power in furtherance of its public responsibility, but refuses to do so, the public service commission may require the exercise of the power by appropriate order. Broadmoor/Timberline Apts. v. Public Serv. Comm'n, 180 W. Va. 387, 376 S.E.2d 593 (1988).

Plant expansion or repair. — Considering the general grant of authority provided by § 8-12-5(32) there is no language in this article that would prevent a municipality from granting funds to its combined waterworks and sewerage system to be used for plant expansion or repair. What this section does say, however, is that if the municipality wishes to finance any of the activities governed by the article, it must do so by revenue bonds or by loans or advances under § 8-20-16. Op. Att'y Gen., April 3, 1979.

Stated in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

§ 8-20-1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions.

(a) Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system either wholly within or partly within and partly without the corporate limits thereof under the provisions of this article, and any municipality owning and operating a waterworks and sewerage system, but not a stormwater system, may acquire, construct, establish and equip the stormwater system which it does not then own and operate, and such municipality may provide by ordinance that when such stormwater system shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operating an existing waterworks system, sewerage system, and stormwater system, may by ordinance combine the same into a single undertaking under the provisions of this article. However, no municipality may acquire, construct, establish and equip or thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways without the express agreement of the commissioner of highways.

(b) Any municipality which has combined its waterworks, sewerage system and stormwater systems under the provisions of this article, or pursuant to the provisions of any other law, may hereafter construct extensions, additions, betterments and improvements to any of the systems, any combination

thereof, or all of the waterworks, sewerage and stormwater systems of said combined waterworks, sewerage and stormwater system, and may finance the acquisition, construction, establishment and equipment thereof, or the construction or extensions, additions, betterments and improvements thereof by the issuance of revenue bonds under the provisions of this article.

(c) Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with either the water, sewer or stormwater services, any combination of such services or all such services, of its combined waterworks, sewerage and stormwater system; provided that such water, sewer or stormwater services and facilities shall not be served or supplied within the corporate limits of any municipality without the consent of the governing body of such municipality: Provided, That for stormwater systems, within the twenty miles beyond the municipality's corporate limits the only areas the municipality may serve and supply shall be those areas from which stormwater affects or drains into the municipality.

(d) As used in this article, the following terms shall have the following meanings unless the text clearly indicates otherwise.

(1) "Stormwater system" means a stormwater system in its entirety or any integral part thereof used to collect and dispose of stormwater and an associated stormwater management program. It includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet, including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage ways, easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations. The term "stormwater system" shall not include highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways.

(2) "Combined waterworks, sewerage and stormwater system" means a waterworks, sewerage and stormwater system which a municipality determines by ordinance to operate in combination.

(3) "Combined system" means either a combined waterworks, sewerage and stormwater system, or a combined waterworks and sewerage system.

(4) "Stormwater management program" means those activities associated with the management, operation and maintenance and control of stormwater and stormwater systems, and shall include and not be limited to public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law. The term "stormwater management program" shall not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways without the express agreement of the commissioner of highways. (1976, c. 83; 2001, c. 212.)

§ 8-20-1b. Cooperation with other governmental units.

In carrying out any lawful purpose prescribed by this article, any municipality may, in the exercise of its powers, duties and responsibilities, cooperate or join with the state of West Virginia or any political subdivision, agency, board, commission, office or department thereof, however designated, or with the United States of America or any agency or department thereof. (1986, c. 118; 2001, c. 212.)

§ 8-20-1c. Severance of combined system.

Any municipality which has combined its waterworks and sewerage systems or waterworks, sewerage and stormwater systems, under the provisions of this article, or pursuant to provisions of any other law, may hereafter sever said combined system if the following conditions are met:

(a) An ordinance is enacted by the governing body of the municipality severing the combined system into separate systems.

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined system, or any part thereof, are outstanding, then the municipality must provide in said ordinance that the severance of the combined system is not effective until all such outstanding revenue bonds or notes or other obligations with a lien on or pledge of the revenues of the system, or any part thereof, are paid and the method for paying said outstanding revenue bonds or notes or other obligations. For the purposes of this section, said municipality may provide for payment of said outstanding revenue bonds or notes or other obligations by:

(1) Depositing moneys and funds with the West Virginia municipal bond commission or in escrow with a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia selected by the issuer to pay interest when due and to pay principal when due, whether at maturity or earlier redemption;

(2) Depositing securities with the municipal bond commission or said escrow trustee, the principal of and earnings on which will provide moneys sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption; or

(3) Depositing with the municipal bond commission or said escrow trustee any combination of the foregoing sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption.

(c) If the combined system is under the supervision and control of a separate committee, board or commission, then the governing body of the municipality must provide for the dissolution of the committee, board or commission, and the creation of other committees, boards or commissions as may be required by law. (2001, c. 212.)

Part II. Right of Eminent Domain.

§ 8-20-2. Right of eminent domain; limitations.

For the purpose of acquiring, constructing, establishing or extending any system within a combined system, or a combined system, or for the purpose of

constructing any additions, betterments or improvements to any system within a combined system, or a combined system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any system within a combined system, or combined system, under the provisions of this article, the municipality shall have the right of eminent domain as provided in chapter fifty-four [§§ 54-1-1 et seq.] of this code: Provided, That such right of eminent domain for the acquisition of a complete privately owned waterworks system may not be exercised without prior approval of the public service commission, and in no event shall any municipality construct, establish or extend beyond the corporate limits of the municipality a municipal waterworks system or a combined system under the provisions of this article to supply service in competition with an existing privately or municipally owned waterworks system or combined system in the municipality or within the proposed extension of the system, unless, except in the case of a stormwater system, a certificate of public convenience and necessity therefor shall have been issued by the public service commission: Provided, however, that the power of eminent domain provided in this section shall not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways without the express agreement of the commissioner of highways. (1947, c. 112; 1969, c. 86; 2001, c. 212.)

Applied in Cincinnati Ins. Co. v. Mills, 208 W. Va. 723, 542 S.E.2d 886 (W. Va. 2000).

PART III. REVENUE BOND FINANCING.

§ 8-20-3. Ordinance describing project; contents.

The governing body of any municipality availing itself of the provisions of this article shall adopt an ordinance describing in a general way the contemplated project. If it is intended to include in the combined system any existing waterworks system or any existing sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall provide that it or they be so included in the combined system and shall describe in a general way such existing waterworks or sewerage system or both, or, if applicable, any existing stormwater system, or any of them, or all of them, to be included in the combined system. The ordinance shall state the means provided for refunding any obligations unpaid and outstanding payable solely from the revenues of any such waterworks or sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them. The ordinance shall determine the period of usefulness of the contemplated project.

If it is intended to acquire, construct, establish and equip a combined system or any part thereof, or to construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of the combined system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall describe in a general way the

works or property or system to be acquired, constructed, established or equipped or the extensions, additions, betterments and improvements to be constructed.

The ordinance shall fix the amount of revenue bonds proposed to be issued, the interest rate or rates, and any other details in connection with the bonds considered advisable. The ordinance may state that the bonds, or such ones thereof as may be specified, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to principal and interest and the security thereof, to such other bonds as are designated in the ordinance. (1939, c. 98, § 4; 1947, c. 112; 1949, c. 91; 1969, c. 86; 2001, c. 212.)

§ 8-20-4. Publication of abstract of ordinance and notice; hearing.

After the ordinance for any project under the provisions of this article has 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 such municipality. The notice to be published with said abstract of the ordinance shall state that said ordinance has been adopted, that the municipality contemplates the issuance of the bonds described in the ordinance, 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 date of the first publication of such abstract and notice and which shall not be prior to the date of the last publication of such abstract and notice, and present protests and that a certified copy of the ordinance is on file with the governing body for review by interested parties during the office hours of the governing body. At such hearing all protests and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, That if at such hearing written protest is filed by thirty percent or more of the freeholders of the municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of said governing body assent thereto. (1939, c. 98, § 5; 1947, c. 112; 1967, c. 105; 1969, c. 86; 1971, c. 103; 1981, 1st Ex. Sess., c. 2.)

§ 8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.

For the purpose of defraying the cost of acquisition, construction, establishment or equipment of any system within a combined system, or a combined system, and for the purpose of paying the cost of constructing any extensions, additions, betterments or improvements to any of the systems of said combined system, or all of them, any such municipality may issue revenue bonds under the provisions of this article.

All such bonds may be authorized, issued and sold pursuant to ordinance in installments at different times or an entire issue or series may be sold at one time. Such bonds shall bear interest at a rate not to exceed twelve percent per annum, payable at such times, and shall mature within the period of usefulness of the project involved, to be determined by the governing body and in any event within a period of not more than forty years. The bonds may be in denomination or denominations, may be in such form, either coupon or registered, may carry registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment, at such place or places, may be subject to terms of redemption, with or without a premium, may be declared to become due before the maturity date thereof, may provide for the replacement of mutilated, destroyed, stolen or lost bonds, may be authenticated in such manner and upon compliance with such conditions, and may contain other terms and covenants, as may be provided by ordinance of the governing body of the municipality. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes.

The bonds and the interest thereon, together with all properties and facilities of the municipality owned or used in connection with the combined system, and all the moneys, revenues and other income of such municipality derived from the combined system shall be exempt from all taxation by this state or any county, municipality, political subdivision or agency thereof. Bonds may be sold in such manner as the governing body shall determine. If any bonds shall be issued to bear interest at a rate of twelve percent per annum, the price at which they may be sold shall be such that the interest cost to the municipality of the proceeds of the bonds may not exceed thirteen percent per annum computed to maturity according to the standard table of bond values.

If the governing body of the municipality determines to sell any revenue bonds of such combined system for refunding purposes, the proceeds of the bonds shall be deposited at the place of payment of the bonds, obligations or securities being refunded thereby.

In case any officer whose signature appears on the bonds or coupons attached thereto shall cease to be such officer before the delivery of the bonds to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes, with the same effect as if he or she had remained in office until the delivery of the bonds. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance authorizing the issuance of the bonds. The bonds shall have all the qualities of negotiable instruments under the laws of this state.

Whenever a waterworks and sewerage system or stormwater system, if applicable, is included in a combined system under the provisions of this article and there are unpaid and outstanding revenue bonds or any other obligations or securities previously issued which are payable solely from the revenues of the waterworks or the sewerage system or stormwater system, if applicable, or any part thereof, such outstanding bonds, obligations or securities may be refunded by the issuance and sale or exchange therefor of revenue bonds to be issued under the provisions of this article.

Whenever any outstanding bonds, obligations or securities previously issued which are payable solely from the revenues of any waterworks or sewerage system, or stormwater system, if applicable, included in a combined system under the provisions of this article are refunded and the refunding is to be accomplished by exchange, such outstanding bonds, obligations or securities shall be surrendered and exchanged for revenue bonds of such combined system of a total principal amount which shall not be more and may be less than the principal amount of the bonds, obligations or securities surrendered and exchanged plus the interest to accrue thereon to the date of surrender and exchange, and if the refunding is to be accomplished through the sale of revenue bonds of such combined system the total principal amount of such revenue bonds which may be sold for refunding purposes shall not exceed the principal amount of the bonds, obligations or securities being refunded plus the interest to accrue thereon to the retirement date or the next succeeding interest payment date, whichever date may be earlier.

Provision may be made that each bond to be exchanged for refunding bonds shall be kept intact and shall not be canceled or destroyed until the refunding bonds, and interest thereon, have been finally paid and discharged, but each bond shall be stamped with a legend to the effect that the same has been refunded pursuant to the provisions of this article. (1939, c. 98, § 3; 1947, c. 112; 1957, c. 123; 1969, c. 86; 1970, c. 7; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 2001, c. 212.)

§ 8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.

Bonds issued under the provisions of this article shall be payable solely from the revenues derived from the combined system, and the bonds may not in any event constitute an indebtedness of such municipality within the meaning of any constitutional or statutory provision or limitation and it shall be plainly stated on the face of each bond that the same has been issued under the provisions of this article, and that it does not constitute an indebtedness of the municipality within any constitutional or statutory provision or limitation. The ordinance authorizing the issuance of the bonds may contain such covenants and restrictions upon the issuance of additional revenue bonds thereafter as may be considered necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued. (1939, c. 98, § 6; 1969, c. 86; 2001, c. 212.)

§ 8-20-7. Lien of bondholders.

There shall be and there is hereby created and granted a statutory mortgage lien upon such combined system which shall exist in favor of the holder of bonds hereby authorized to be issued, and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such combined system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds. However, no lien may attach to

any portion of any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia division of highways.

Any municipality in acquiring an existing waterworks system may provide that payment therefor shall be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section five [§ 8-20-5] hereof. Any revenue bonds so issued in payment for an existing waterworks system shall for all purposes be regarded as partaking of the nature of and as being secured by a purchase money mortgage upon the property so acquired; and the holders thereof shall have, in addition to any other remedies and rights prescribed by this article, remedies and rights as may now or hereafter exist in law in the case of purchase money mortgages. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86; 2001, c. 212.)

§ 8-20-8. Covenants with bondholders.

Any ordinance authorizing the issuance of bonds hereunder, or any trust indenture with any banking institution or trust company, within or without the state, for the security of said bonds, which any municipality is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of the bonds as to:

(a) The purpose or purposes to which the proceeds of sale of bonds or the revenues derived from said combined system may be applied and the securing, use and disposition thereof, including, if considered desirable, the appointment of a trustee or depository for any of the funds;

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such combined system, including any part thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for reserve or other funds as may be considered necessary or desirable;

(c) The fixing, establishing and collecting of rates, fees or charges for the use of the services and facilities of the combined system, including the parts thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of repair, maintenance and operation of such combined system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such combined system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of the combined 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 combined system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such combined system, and the rank

or priority, as to lien and source and security for payment from the revenues of such combined system, between bonds payable from the 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 defaults may be declared cured and the acceleration of the maturity of the bonds rescinded and repealed;

(g) Budgets for the annual repair, maintenance and operation of such combined system and restrictions and limitations upon expenditures for the purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of the budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon the combined system, or any part thereof, and the use and disposition of the proceeds of any insurance; and

(i) The keeping of books of account, relating to such undertaking and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified or approved by accountants designated or approved by the holders of bonds issued hereunder.

Any ordinance or trust indenture may also contain other additional covenants as shall be considered necessary or desirable for the security of the holders of bonds issued under the provisions of this article, notwithstanding that other covenants are not expressly enumerated above, it being the intention hereof to grant to municipalities plenary power and authority to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant to municipalities full and complete power and authority to enter into any contracts, covenants or agreements with holders of bonds issued hereunder not inconsistent with the constitution of this state. (1955, c. 131; 1969, c. 86; 2001, c. 212.)

§ 8-20-9. Operating contract.

Any municipality may enter into contracts or agreements with any persons for: (1) The repair, maintenance and operation and management of the facilities and properties of the combined system, or any part thereof; or (2) the collection and disbursement of the income and revenues thereof, or for both (1) and (2), for the period of time and under terms and conditions as shall be agreed upon between the municipality and such persons. Any municipality shall have plenary power and authority to provide in the ordinance authorizing the issuance of bonds hereunder, or in any trust indenture securing the bonds, that the contracts or agreements shall be valid and binding upon the municipality as long as any of the bonds, or interest thereon, is outstanding and unpaid. (1955, c. 131; 1969, c. 86; 2001, c. 212.)

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates, fees or charges; change in rates, fees or charges; failure to cure delinquency; delinquent rates, fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

(a) The governing body of any municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all needful rules and regulations for the repair, maintenance and operation and management of the combined system of such municipality and for the use thereof, and shall also have plenary power and authority to make, enact and enforce all needful rules and regulations and ordinances for the care and protection of any such system, which may be conducive to the preservation of the public health, comfort and convenience and to rendering the water supply of such municipality pure, the sewerage harmless insofar as it is reasonably possible so to do, and if applicable properly collecting and controlling the stormwater as is reasonably possible so to do: Provided, That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways except in accordance with chapter twenty-nine-a [§§ 29A-1-1 et seq.] of this code.

Any municipality shall have plenary power and authority to charge the users for the use and service of combined system and to establish rates, fees or charges for such purpose. Separate rates, fees or charges may be fixed for the water and sewer services respectively, and, if applicable, the stormwater services, or combined rates, fees or charges for the combined water and sewer services, and, if applicable, the stormwater services. Such rates, fees or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined system, provide an adequate reserve fund and adequate depreciation fund and pay the principal of and interest upon all revenue bonds issued under this article. Rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates, fees or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the user of the services and facilities provided shall be delinquent and the user shall be held liable at law until such time as all rates, fees and charges are fully paid.

(c) All rates, fees or charges for water service, sewer service, and, if applicable, stormwater service, whenever delinquent, as provided by ordinance

of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That an owner of real property may not be held liable for the delinquent rates, fees or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates, fees or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(d) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for the purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency had been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133; 1990, c. 140; 2001, c. 212.)

Municipalities not granted authority to limit, modify or eliminate tort liability. — A municipal ordinance that is enacted pursuant to the power granted municipalities in this section to operate and maintain sewer systems that purports to limit, modify or eliminate tort liabilities and immunities related to such a sewer system in a fashion that conflicts with the general law of the state, is unenforceable and void, to the extent of such conflict. Calabrese v. City of Charleston, 515 S.E.2d 814 (W. Va. 1999).

Municipality cannot compel landlord liability. — While a landlord may choose to contract directly with the municipality if he seeks to furnish utilities as an element of the rental package, W.Va. Code § 8-20-10 is not an instrument through which municipalities can compel a landlord to contract with the municipality and to assume responsibility for the tenant's delinquencies. State ex rel. Pub. Serv. Comm'n v. Town of Fayetteville, 212 W. Va.427, 573 S.E.2d 338 (2002), *this is a per curiam opinion.*

§ 8-20-11. Discontinuance of water service for nonpayment of rates or charges.

Any municipality shall also have plenary power and authority, and may covenant with the holders of any bonds issued hereunder, to shut off and discontinue the supplying of the water service of the combined system for the

nonpayment of the rates, fees or charges for said water service or sewer service, or both, or, if applicable, stormwater service, or any combination thereof, or all of them. (1955, c. 133; 1969, c. 86; 2001, c. 212.)

§ 8-20-11a. Governmental entities subject to established rates.

The municipality and any county government, state government and federal government served by the services of the combined system shall be subject to the same rates, fees or charges established in this article or to rates, fees or charges established in harmony therewith, for service rendered to the governmental entity, and shall pay such rates, fees or charges when due from corporate funds and the same shall be considered to be part of the revenue of the combined system as defined in this article, and be applied as provided in this article, for the application of such revenues. However, no rates, fees or charges for combined services or stormwater services may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways. (2001, c. 212.)

§ 8-20-12. Use of revenues; sinking fund.

All revenues derived from the operation of any combined system under the provisions of this article shall be set aside as collected and used only for the purpose of paying the cost of repairing, maintaining and operating such system, providing an adequate reserve fund, an adequate depreciation fund, and paying the principal of and interest upon the revenue bonds issued by the municipality under the provisions of this article. The ordinance pursuant to which any bonds are issued shall pledge the revenues derived from the combined system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which the bonds have been issued: Provided, That payments of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof. (1939, c. 98, § 9; 1969, c. 86; 1986, c. 118; 2001, c. 212.)

§ 8-20-13. System of accounts; audit.

Any municipality operating a combined system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from the combined system and the application of the same. At least once each year the municipality shall cause the accounts to be

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, construction, establishment, extension or equipment of combined systems and the construction of additions, 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 combined system 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 notwithstanding, interest on any loans or temporary advances may be paid from the proceeds thereof until the maturity of the notes or other negotiable instrument.

In no event shall any loan or temporary advance be a general obligation of the municipality and the loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1961, c. 106; 1969, c. 86; 1981, lst Ex. Sess., c. 2; 1986, c. 118; 2001, c. 212.)

§ 8-20-17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority.

This article is, without reference to any other statute or charter provision, full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to the combined system herein provided for and for the issuance and sale of the bonds by this article authorized, and is an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any undertaking or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to any undertaking or to the issuance or sale of such bonds is required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the bureau of public health and the division of environmental protection remain unaffected by this article: Provided, however, that no municipality may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system which includes highways, road and drainage easements, and/or stormwater

properly audited, and a report of the audit shall be open to the public for inspection at all reasonable times. (1939, c. 98, § 10; 1969, c. 86; 2001, c. 212.)

§ 8-20-14. Repair and maintenance of municipal sewerage system outside corporate limits.

Whenever a municipality collects rates or charges from users of any part of a sewerage system located outside the corporate limits of such municipality for sewerage service rendered to such users, pursuant to the provisions of this article or other act or law, such municipality shall be responsible for the repair and maintenance of such sewerage system and the county court [county commission] of the county or counties in which such sewerage system is located shall not be liable or responsible for the repair and maintenance of such sewerage system. (1957, c. 127; 1969, c. 86.)

Editor's notes. — For construction of the county court as county commission, see W.Va. Const. art. IX, § 9.

§ 8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section seven [§ 8-20-7] of this article, protect and enforce any and all rights granted hereunder or under any such ordinance or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any ordinance or trust indenture to be performed by the municipality or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates, fees or charges for services rendered by the combined system.

If there be default in the payment of the principal of or interest upon any of bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer said combined system on behalf of the municipality, and the bondholders or trustee, or both, with power to charge and collect rates, fees or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and the receiver shall apply the revenues in conformity with the provisions of this article and the ordinance pursuant to which the bonds have been issued or trust indenture, or both. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86; 2001, c. 212.)

Part IV. Grants, Loans and Advances; Cumulative Authority.

§ 8-20-16. Grants, loans and advances.

Any municipality is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other

facilities constructed, owned and/or operated by the West Virginia division of highways without the express agreement of the commissioner of highways.

This article is cumulative authority for any undertaking herein authorized, and does not repeal any existing laws with respect thereto. (1933, Ex. Sess., c. 26, § 13; 1969, c. 86; 1994, c. 61; 2001, c. 212.)

PART V. OPERATION BY BOARD; CONSTRUCTION.

§ 8-20-18. Alternative procedure for acquisition, construction, etc., of combined system.

(a) As an alternative to the procedure provided in this article, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a combined system or to construct, maintain and operate additions, betterments and improvements thereto, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and to collect the revenues therefrom for the services rendered thereby, through the supervision and control of a committee, by whatever name called, composed of all or of a portion of the governing body, or of a board or commission appointed by the governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen [§§ 8-16-1 et seq.] of this chapter.

However, no municipality may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system, which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

(b) In the event that the waterworks or sewerage system or both, or if applicable, stormwater services, are in existence prior to the creation of the combined system, and the waterworks or sewerage system or both, and if applicable, stormwater services, are supervised and controlled by a committee, board or commission, and the alternative provided for in subsection (a) of this section is to be followed with respect to the supervision and control of the combined system, the governing body may by ordinance, after the creation of the combined system, provide:

(1) The manner of and procedure for transferring supervision and control from each separate committee, board or commission to the committee, board or commission which is supervising and controlling the combined system; or

(2) The manner of and procedure for combining each separate committee, board or commission into one committee, board or commission and transferring thereto supervision and control as aforesaid. (1961, c. 104; 1969, c. 86; 2001, c. 212.)

§ 8-20-19. Article to be liberally construed.

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes. (1933, Ex. Sess., c. 26, § 14; 1969, c. 86.)

ARTICLE 20A.

NEIGHBORHOOD REHABILITATION.

Sec.
8-20A-1. Legislative findings and purpose.
8-20A-2. Definitions.
8-20A-3. Neighborhood rehabilitation fund.
8-20A-4. Inspection and technical assistance.
8-20A-5. Deferral of repayment.

§ 8-20A-1. Legislative findings and purpose.

(a) The legislature hereby finds and declares that the lack of safe, decent, sanitary and affordable owner-occupied and rental dwellings is one of the most serious problems facing this State and that a major contributing factor to this problem is the deterioration of the State's existing housing stock; that these deteriorating dwellings exist in both the urban and rural areas of the State; that a disproportionate number of owners of these deteriorating dwellings are older, less affluent and otherwise less able to afford the expense of the remodeling, repairing and rehabilitating of their residences necessary to maintain such residences in a sanitary, safe and decent condition; that because of the lack of acceptable loan collateral, the age of their residences and the location and age of the neighborhoods in which their residences are located, many of such owners have not been able to borrow funds necessary to effect such remodeling, repair and rehabilitation; and that some of such homeowners who have been able to obtain funds for such purposes have been able to do so only upon rates of interest and upon other terms and conditions which are particularly onerous and disadvantageous to such owners.

(b) The legislature further finds and declares that the assistance authorized in this article will provide, and will encourage private lenders to provide, to such owners, more readily and at rates of interest and upon other terms and conditions significantly more favorable to such owners, the loans necessary to finance the cost of such remodeling, repair and rehabilitation.

(c) The legislature further finds and declares that the powers granted to municipalities and counties in this article will enable them to maximize the use of federal programs for housing rehabilitation.

(d) The legislature further finds and declares that it is manifestly in the public interest to foster the pride, self-respect and esteem incident to home ownership and to encourage and assist in the maintenance of residences, both owner occupied and rental, in a safe, decent and sanitary condition; that without the assistance authorized in this article, there will be continued deterioration of housing with the resultant proliferation of slums, higher crime rates and general decline in civic pride, public spirit and the quality of life, with all of the public cost, direct and indirect, attendant thereon; and that

accordingly by providing such assistance, any municipality or county will be acting in all respect for the benefit of the people of the State of West Virginia and shall thereby serve a public purpose in improving and otherwise promoting their health, welfare and prosperity. In order to carry out the general purposes stated herein, the legislature further declares that the governing body of any county or municipality shall, insofar as it may deem reasonable and proper, give preference to the rehabilitation of owner-occupied dwellings when making grants or loans under this article. (1976, c. 84; 1977, c. 132; 1978, c. 73; 1983, c. 153.)

§ 8-20A-2. Definitions.

As used in this article, unless the context otherwise requires:

(1) "Eligible dwelling" means real estate upon which there is located a structure designed primarily for residential housing and consisting of dwelling units for not more than thirty families: Provided, That all ownership thereof shall be limited to persons who would qualify as eligible owners.

(2) "Eligible owner" means a person or persons residing within the boundaries of a municipality or county, and owning an eligible dwelling within the boundaries of that municipality or county, irrespective of race, creed, national origin or sex, with respect to whom it is determined by the governing body of such municipality or county that (a) such person or persons, because of financial condition, age, infirmity, family size or other reasons, is unable to obtain, on suitable terms and conditions, loans or other credit necessary for the rehabilitation of such eligible dwelling, and hence requires the assistance as provided in this article, (b) such rehabilitation is necessary to place such eligible dwelling in a safe, sanitary and decent condition, and (c) the assistance as authorized in this article shall make financing available to such person or persons, or enable such person or persons, to obtain such financing on terms and conditions substantially more favorable to such person or persons than would otherwise be available.

(3) "Rehabilitation" means a specific work of improvement within a municipality or county undertaken primarily to remodel, repair or rehabilitate an eligible dwelling. (1976, c. 84; 1977, c. 132; 1978, c. 73; 1983, c. 153.)

§ 8-20A-3. Neighborhood rehabilitation fund.

(a) Any municipality or county shall have plenary power and authority, by charter provision, ordinance or resolution, to establish a special fund of moneys made available by appropriation, grant, contribution, loan or otherwise, to be known as the neighborhood rehabilitation fund of such municipality or county, to be governed, administered and accounted for by the governing body of such municipality or county, as a special purpose account, separate and distinct from any other moneys, fund or funds owned by such municipality or county.

(b) The governing body of any municipality or county may, from time to time, by resolution, establish criteria which shall govern the determination of persons who qualify as eligible owners and the amount of assistance to such owners.

(c) The purpose of such neighborhood rehabilitation fund shall be to provide funds for the making of grants and loans, or to guarantee the repayment of loans made by private lenders, to eligible residents of such municipality or county, the proceeds of which loans and grants are to be used exclusively for rehabilitation.

(d) Such loans shall be made or guaranteed and grants made only upon determination by the governing body of such municipality or county, or by a board or commission appointed for such purpose by such governing body, that the recipients are eligible owners, that the proceeds of the loan or grant shall be used for rehabilitation and that loans or grants to such eligible recipients for rehabilitation are not otherwise available upon reasonably equivalent terms and conditions: Provided, That grants may be given only for the rehabilitation of residences occupied by their owners.

(e) No loan shall be made or guaranteed by such municipality or county except in accordance with a written agreement between such municipality or county, the eligible owner and in the case of a guaranteed loan the lender making such loan, which agreement shall provide, without limitation, that:

(1) The proceeds of such loan shall be used exclusively for rehabilitation;

(2) The loan shall be in such principal amount, repayable in such number of consecutive and substantially equal monthly installments at such annual rate of interest and shall be secured in such manner as specified in such agreement;

(3) In the case of a guaranteed loan, such municipality or county shall be obligated to repay, from the neighborhood rehabilitation fund established in accordance with this article, any installment or installments of such loan as shall be in default from time to time in accordance with the provisions of such agreement;

(4) In the event an eligible owner defaults on such loan made by such municipality or county, or in the event such municipality or county incurs an obligation on a guaranteed loan, such municipality or county shall be entitled, at its option, to realize on any and all security for said loan: Provided, That the right of such municipality or county to realize on such security with respect to a guaranteed loan shall be subordinate and secondary to the right of the lender as to such security, to the extent of the unpaid balance of such loan.

(f) Nothing in this article contained shall be so construed as to authorize any municipality or county to make any contract or incur any obligation or liability of any kind or nature, except such as shall be discharged or payable solely from the funds on deposit in such neighborhood rehabilitation fund. (1976, c. 84; 1977, c. 132; 1978, c. 73; 1983, c. 153.)

§ 8-20A-4. Inspection and technical assistance.

In addition to all other powers and rights of a municipality or county, any municipality or county shall have plenary power and authority, at the request of eligible owners, to inspect the residences of such eligible owners, to make recommendations concerning rehabilitation and to provide all manner of technical services and assistance in the planning, processing and design of needed rehabilitation. (1976, c. 84; 1977, c. 132; 1978, c. 73; 1983, c. 153.)

§ 8-20A-5. Déferral of repayment.

The governing body of a municipality or county may, at its discretion, establish criteria for extreme hardship (by reason of age, low income, disability or other factors) applicable to an eligible owner, and which criteria will permit deferral of repayment of a portion or of all the loan until a definite future date, the death of the eligible owner or the sale of the "eligible dwelling" to another owner, whichever occurs first. The eligible owner for the purposes of this section shall be interpreted as the person in whom title of the property is vested or the spouse of said eligible owner at the time the rehabilitation loan or grant; or both, is provided. (1983, c. 153.)

ARTICLE 21.

BOARD OF PARK AND RECREATION COMMISSIONERS.

Part I. Establishment; Organization.

Sec.
8-21-1. Cities may establish board.
8-21-2. Board a public corporate body; perpetual existence; seal; name; powers.
8-21-3. Members; quorum; qualifications; election or appointment; terms; disqualification.
8-21-4. Filling vacancies.
8-21-5. Oath of members; organization of board; secretary; treasurer.
8-21-6. Members to be paid expenses; members not to be personally interested in contracts or property controlled by board.

Part II. Powers.

8-21-7. Office; powers.
8-21-8. Purchase, lease or condemnation of real property.
Sec.
8-21-9. Authority to take title to real and personal property; conveyances of real property to board by public bodies; sales and conveyances of real property by board; execution of deeds.
8-21-10. General powers of board; enactment and enforcement of rules and regulations; counsel.

Part III. Financing.

8-21-11. Charges for use of recreational facilities; use of funds.
8-21-12. Use of city appropriations and other funds.
8-21-13. Public park and recreation bonds.

Part IV. Construction.

8-21-14. Construction of article.

Revision of chapter. — See note under the same catchline at the beginning of this chapter.

Applicability. — The powers of a board of park and recreation commissioners described in this article can only be exercised by a public corporate body. Op. Att'y Gen., Feb. 13, 1974.

This statute does not apply to the board of park commissioners of the city of Huntington whose status must be considered as controlled and affected by the statute which created it in 1925. State ex rel. Koontz v. Board of Park Comm'rs, 131 W. Va. 417, 47 S.E.2d 689 (1948).

Racial discrimination. — A municipality may not, by leasing a swimming pool constructed with public funds to a private association of persons, relieve itself of the constitutional obligation to afford colored citizens equal rights with those of white citizens in the use of the public recreational facilities thereby provided. Lawrence v. Hancock, 76 F. Supp. 1004 (D.W. Va. 1948).

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trate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(d) No municipality may foreclose upon the premises served by it for delinquent rates or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of such action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought. (1989, c. 133; 1990, cc. 140, 141; 2004, c. 185.)

Effect of amendment of 2004. — Acts 2004, c. 185, effective June 10, 2004, in the section heading, added "Deposit required for new customers" to the beginning, deleted "notice of delinquency" preceding "failure," and inserted "payment from deposit; reconnecting deposit; return of deposit; liens"; added (a)(2); in (a)(1), in the first sentence, substituted "twenty" for "thirty" and "property and the owner thereof, as well as the" for "owner" preceding the second occurrence of "user," and "and property" following the second occurrence of "user," and added the last two sentences; and deleted "as provided by ordinance of the municipality" following the first occurrence of "delinquent" in (b).

ARTICLE 20.

COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

Part III. Revenue Bond Financing.

Sec.

8-20-10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

Effect of amendment of 2004. — Acts 2004, c. 185, effective June 10, 2004, inserted "Waterworks and Sewerage" in the article heading.

PART III. REVENUE BOND FINANCING.

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

(a)(1) The governing body of any municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all needful rules for the repair, maintenance and operation and management of the combined system of such municipality and for the use thereof, and shall also have plenary power and authority to make, enact and enforce all needful rules and ordinances for the care and protection of any such system, which may be conducive to the preservation of the public health, comfort and convenience and to rendering the water supply of such municipality pure, the sewerage harmless insofar as it is reasonably possible so to do, and if applicable properly collecting and controlling the stormwater as is reasonably possible so to do: Provided, That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways except in accordance with chapter twenty-nine-a [§§ 29A-1-1 et seq.] of this code.

(2) Any municipality shall have plenary power and authority to charge the users for the use and service of combined system and to establish required deposits, rates, fees or charges for such purpose. Separate deposits, rates, fees or charges may be fixed for the water and sewer services respectively, and, if applicable, the stormwater services, or combined rates, fees or for the combined water and sewer services, and, if applicable, the stormwater services. Such deposits, rates, fees or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined system, provide an adequate reserve fund and adequate depreciation fund and pay the principal of and interest upon all revenue bonds issued under this article. Deposits, rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates, fees or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(3) All new applicants for service shall indicate to the municipality or governing body whether they are an owner or tenant with respect to the service location.

(4) The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of one hundred dollars or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of water and sewage service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent and the user's service is disconnected or terminated, no reconnecting or reinstatement of service may be made by the municipality or governing body until another deposit equal to one hundred dollars or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the municipality or governing body. After twelve months of prompt payment history, the municipality or governing body shall return the deposit to the customer or credit the customer's account with interest at a rate as the Public Service Commission may prescribe: Provided, That where the customer is a tenant, the municipality or governing body is not required to return the deposit until the time the tenant discontinues service with the municipality or governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The municipality or governing body may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water services to a delinquent user of either water or sewage facilities, or both, ten days after the water or sewage services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided shall be delinquent and the municipality or governing body may apply any deposit against any delinquent fee and the user shall be held liable at law until such time as all rates, fees and charges are fully paid.

(c) All rates, fees or charges for water service, sewer service, and, if applicable, stormwater service, whenever delinquent, as provided by ordinance of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That an owner of real property may not be held liable for the delinquent rates, fees or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates, fees or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(d) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magis-

trate court for the collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section except through the bringing and maintenance of a civil action for the purpose brought in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency had been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133; 1990, c. 140; 2001, c. 212; 2004, c. 185.)

Effect of amendment of 2004. — Acts 2004, c. 185, effective June 10, 2004, in the section heading, deleted "regulations and" preceding "fix," inserted "deposit required for new customers," and "discontinuance of service; reconnecting deposit; return of deposit"; redesignated the former second paragraph of (a) as (a)(2) and added (a)(3) and (4); in (a)(1), deleted "and regulations" preceding "for the repair" and "regulations and" preceding "ordinances," and substituted "storm water" for "stormwater"; in (a)(2), inserted "required deposits" in the first sentence, in the second sentence, inserted "deposits," deleted "charges" preceding "for the combined," and substituted "storm water" for "stormwater," inserted "deposits" in the third sentence, and added "Deposits" at the beginning of the last sentence; and, in (b), substituted "twenty" for "thirty" and inserted "and the municipality or governing body may apply any deposit against any delinquent fee."

ARTICLE 21.

BOARD OF PARK AND RECREATION COMMISSIONERS.

Part I. Establishment; Organization.

Sec.

8-21-3. Members; quorum; qualifications; election or appointment; terms; disqualification.

PART I. ESTABLISHMENT; ORGANIZATION.

§ 8-21-3. Members; quorum; qualifications; election or appointment; terms; disqualification.

The board shall consist of not less than three nor more than seven members as may be provided by charter provision or ordinance, a majority of whom shall constitute a quorum for the transaction of business, except as hereinafter in this article provided. Each member of the board must be a resident and freeholder of the city. It may be provided either by charter provision or by ordinance for the appointment of the members thereof by the governing body, but unless and until such provision is made, the members of the board shall be

State of West Virginia

Certificate

I, Betty Ireland, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 31, ARTICLE 15A OF THE WEST VIRGINIA CODE, AND CHAPTER 31, ARTICLE 15A OF THE 2006 SUPPLEMENT TO 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

June 30, 2006

Betty Ireland

Secretary of State

ARTICLE 15A.

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL.

Sec.
31-15A-1. Short title.
31-15A-2. Definitions.
31-15A-3. West Virginia infrastructure and jobs development council continued; members of council; staff of council.
31-15A-4. Development of guidelines and preliminary application for funding assistance.
31-15A-5. Requirements for project funding assistance; review of project preliminary applications by council.
31-15A-6. Powers, duties and responsibilities of the council generally; comprehensive assessment.
31-15A-7. Current and prospective planning; roads and highways; report to division of highways.
31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.
31-15A-9. Infrastructure fund; deposits in fund; disbursements to provide loans, loan guarantees, grants and other assistance; loans, loan guarantees, grants and other assistance shall be subject to assistance agreements.
31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.
31-15A-11. Reservation of funds for projects and infrastructure projects.
31-15A-12. Additional powers of water development authority.
Sec.
31-15A-13. Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions.
31-15A-14. Termination or dissolution.
31-15A-15. Projects not to be considered public improvements; competitive bid requirements.
31-15A-16. Dedication of severance tax proceeds.
31-15A-17. Water development authority empowered to issue infrastructure revenue bonds and refunding bonds; creation of infrastructure revenue debt service fund; funding of infrastructure revenue debt service fund; requirements and manner of such issuance.
31-15A-17a. Infrastructure revenue bonds payable from A. James Manchin fund.
31-15A-18. Trustee for holders of infrastructure revenue bonds; contents of trust agreement.
31-15A-19. Legal remedies of infrastructure revenue bondholders or noteholders and trustees.
31-15A-20. Infrastructure revenue bonds lawful investments.
31-15A-21. Purchase and cancellation of infrastructure revenue bonds.
31-15A-22. Refunding revenue bonds.
31-15A-23. Infrastructure revenue bonds not debt of state, county, municipality or any political subdivision.
31-15A-24. Infrastructure revenue bonds exempt from taxation.

§ 31-15A-1. Short title.

This article shall be known and may be cited as the "West Virginia Infrastructure and Jobs Development Act." (1994, 1st Ex. Sess., c. 26.)

Cited in State ex rel. Cooper v. Caperton, 196 W. Va. 208, 470 S.E.2d 162 (1996).

§ 31-15A-2. Definitions.

For purposes of this article:

(a) "Bond" or "infrastructure revenue bond" means a revenue bond, note, or other obligation issued by the water development authority pursuant to this article, including bonds to refund such bonds and notes to renew such notes, and notes in anticipation of and payable from the proceeds of such bonds.

(b) "Code" means the code of West Virginia, one thousand nine hundred thirty-one, as amended;

(c) "Cost" means, as applied to any project to be financed, in whole or in part, with infrastructure revenues or funds otherwise provided pursuant to this article, the cost of planning, acquisition, improvement and construction of the project; the cost of preliminary design and analysis, surveys, borings; the cost of environmental, financial, market and engineering feasibility studies, assessments, applications, approvals, submissions or clearances; the cost of preparation of plans and specifications and other engineering services; the cost of acquisition of all land, rights-of-way, property rights, easements, franchise rights and any other interests required for the acquisition, repair, improvement or construction of the project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which buildings or structures may be moved; the cost of excavation, grading, shaping or treatment of earth, demolishing or removing any buildings or structures; the cost of constructing any buildings or other improvements; the cost of all pumps, tanks, vehicles, apparatus and other machinery, furnishings and equipment; loan or origination fees and all finance charges and interest incurred prior to and during the construction and for no more than six months after completion of construction; the cost of all legal services and expenses; the cost of all plans, specifications, surveys and estimates of cost; all working capital and other expenses necessary or incident to determining the feasibility or practicability of acquiring, repairing, improving or constructing any project; the cost of placing any project in operation; and all other costs and expenses of any kind or nature incurred or to be incurred by the project sponsor developing the project that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project: Provided, That costs shall not include any amounts related to the ongoing operations of the owner or operator, depreciation thereof or any other cost which the council or the water development authority has not determined to be consistent with the purposes and objectives of this article;

(d) "Council" means the West Virginia infrastructure and jobs development council created in section three [§ 31-15A-3] of this article;

(e) "Division of environmental protection" means the division [department] of environmental protection established under article one [§§ 22-1-1 et seq.], chapter twenty-two of this code, or any successor to all or any substantial part of its powers and duties;

(f) "Division of health" means the division of health created in article one [§§ 16-1-1 et seq.], chapter sixteen of this code, or any successor to all or any substantial part of its powers and duties;

(g) "Economic development authority" means the economic development authority established under article fifteen [§§ 31-15-1 et seq.], chapter thirty-one of the code, or any successor to all or any substantial part of its powers and duties;

(h) "Emergency project" means a project which the council has determined: (1) Is essential to the immediate economic development of an area of the state; and (2) will not likely be developed in that area if construction of the project is not commenced immediately;

(i) "Governmental agency" means any county; municipality; watershed improvement district; assessment district; soil conservation district; sanitary district; public service district; drainage district; regional governmental authority and any other state governmental agency, entity, political subdivision or public corporation or agency authorized to acquire, construct or operate water or wastewater facilities or infrastructure projects;

(j) "Housing development fund" means the West Virginia housing development fund established under article eighteen [§§ 31-18-1 et seq.] of this chapter, or any successor to all or any substantial part of its powers and duties;

(k) "Infrastructure fund" means the West Virginia infrastructure fund created and established in section nine [§ 31-15A-9] of this article;

(*l*) "Infrastructure project" means a project in the state which the council determines is likely to foster and enhance economic growth and development in the area of the state in which the project is developed, for commercial, industrial, community improvement or preservation or other proper purposes, including, without limitation, tourism and recreational housing, land, air or water transportation facilities and bridges, industrial or commercial projects and facilities, mail order, warehouses, wholesale and retail sales facilities and other real and personal properties, including facilities owned or leased by this state or any other project sponsor, and includes, without limitation: (1) The process of acquiring, holding, operating, planning, financing, demolition, construction, improving, expanding, renovation, leasing or otherwise disposing of the project or any part thereof or interest therein; and (2) preparing land for construction and making, installing or constructing improvements on the land, including water or wastewater facilities or any part thereof, steam, gas, telephone and telecommunications and electric lines and installations, roads, bridges, railroad spurs, buildings, docking and shipping facilities, curbs, gutters, sidewalks, and drainage and flood control facilities, whether on or off the site;

(m) "Infrastructure revenue" means all amounts appropriated by the Legislature; all amounts deposited into the infrastructure fund; any amounts received, directly or indirectly, from any source for the use of all or any part of any project completed pursuant to this article; and any other amounts received by the state treasurer, council or the water development authority for the purposes of this article;

(n) "Need of the project sponsors" means there is a public need for a project. The council shall construe a population increase evidenced by the last two decennial censuses in a county in which a project is proposed, as a factor supporting the conclusion that a need exists for projects in that county.

(o) "Project" means any wastewater facility, water facility project or any combination thereof, constructed or operated or to be constructed or operated by a project sponsor;

(p) "Project sponsor" means any governmental agency or person, or any combination thereof, including, but not limited to, any public utility, which intends to plan, acquire, construct, improve or otherwise develop a project;

(q) "Public service commission" means the public service commission of West Virginia created and established under section three [§ 24-1-3], article one, chapter twenty-four of this code, or any successor to all or any substantial part of its powers and duties;

(r) "Person" means any individual, corporation, partnership, association, limited liability company or any other form of business organization;

(s) "Public utility" means any person or persons, or association of persons, however associated, whether incorporated or not, including, without limitation, any governmental agency, operating a wastewater facility or water facility as a public service, which is regulated by the public service commission as a public utility under chapter twenty-four [§§ 24-1-1 et seq.] of this code or which is required to file its tariff with the public service commission;

(t) "State development office" means the West Virginia development office established under article two [§§ 5B-2-1 et seq.], chapter five-b of this code, or any successor to all or any substantial part of its powers and duties;

(u) "State infrastructure agency" means the division of health, division of environmental protection, housing development fund, public service commission, state development office, water development authority, economic development authority and any other state agency, division, body, authority, commission, instrumentality or entity which now or in the future receives applications for the funding of, and provides funding or technical assistance to, the planning, acquisition, construction or improvement of a project;

(v) "Waste water facility" means all facilities, land and equipment used for or in connection with treating, neutralizing, disposing of, stabilizing, cooling, segregating or holding waste water, including, without limitation, facilities for the treatment and disposal of sewage, industrial wastes or other wastes, wastewater, and the residue thereof; facilities for the temporary or permanent impoundment of wastewater, both surface and underground; and sanitary sewers or other collection systems, whether on the surface or underground, designed to transport wastewater together with the equipment and furnishings therefor or thereof and their appurtenances and systems, whether on the surface or underground including force mains and pumping facilities therefor;

(w) "Water development authority" means the West Virginia water development authority continued pursuant to the provisions of article one [§§ 22C-1-1 et seq.], chapter twenty-two-c of this code, or any successor to all or any substantial part of its powers and duties; and

(x) "Water facility" means all facilities, land and equipment used for or in connection with the collection and/or storage of water, both surface and underground, transportation of water, storage of water, treatment of water and distribution of water all for the purpose of providing potable, sanitary water suitable for human consumption and use. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

§ 31-15A-3. West Virginia infrastructure and jobs development council continued; members of council; staff of council.

(a) The West Virginia infrastructure and jobs development council is hereby continued. The council is a governmental instrumentality of the state. The exercise by the council of the powers conferred by this article and the carrying out of its purpose and duties shall be considered and held to be, and are hereby determined to be, essential governmental functions and for a public purpose.

(b) The council shall consist of eleven members, including the executive director of the housing development fund or his or her designee, the director of the division of environmental protection or his or her designee, the director of the economic development authority or his or her designee, the director of the water development authority or his or her designee, the executive director of the state development office or his or her designee, the director of the division of health or his or her designee, the chairman of the public service commission or his or her designee, and four members representing the general public: Provided, That there shall be at least one member representing the general public from each congressional district: Provided, however, That after the expiration of the term of office of the members first appointed as representatives of the general public, no more than one member representing the general public may be a resident of the same county. The governor shall appoint the public members of the council who shall serve three-year staggered terms. The commissioner of the division of highways, the executive director of the state rail authority, two members of the West Virginia Senate, two members of the West Virginia House of Delegates, one representative of the board of directors of the state college system and one representative of the board of trustees of the university of West Virginia shall serve as advisory members of the council. The governor shall appoint the legislative members of the council: Provided, further, That no more than three of the legislative members may be of the same political party. The governor shall appoint the representatives of the governing boards from a list of three names submitted by each governing board. The advisory members shall be ex officio, nonvoting members of the council.

(c) The council shall annually elect one of its members as chairman, and shall appoint a secretary, who need not be a member of the council and who shall keep records of its proceedings. Six members of the council shall constitute a quorum and the affirmative vote of at least the majority of those members present shall be necessary for any action taken by vote of the council. No vacancy in the membership of the council impairs the rights of a quorum by such vote to exercise all the rights and perform all the duties of the council.

(d) No member of the council who serves by virtue of his or her office shall receive any compensation or reimbursement of expenses for serving as a member. The members of the council who represent the general public shall receive reimbursement for actual expenses incurred in the service of the council.

(e) The council shall meet at least monthly to review projects and infrastructure projects requesting funding assistance and otherwise to conduct its

business, and shall meet more frequently if necessary. Notwithstanding any other provision of this article to the contrary, the economic development authority shall not be subject to council review with regard to any action taken pursuant to the authority established in article fifteen [§§ 31-15-1 et seq.], chapter thirty-one of this code nor shall the governor's civil contingent fund be subject to council review with regard to projects or infrastructure projects funded through the governor's civil contingent fund.

(f) The water development authority shall provide office space for the council, and each governmental agency represented on the council shall provide staff support for the council in the manner determined by the council from time to time.

(g) The council shall invite to all its meetings one or more representatives of the United States department of agriculture, rural economic community development, the United States economic development agency and the United States army corps of engineers or any successors thereto. The council shall also invite such other appropriate parties as may be necessary to effectuate the purposes of this article. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

§ 31-15A-4. Development of guidelines and preliminary application for funding assistance.

(a) To implement and carry out the intent of this article, the council shall promulgate legislative rules in accordance with article three [§§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to develop comprehensive, uniform guidelines for use by the council and other state infrastructure agencies in evaluating any request by a project sponsor for funding assistance to plan, acquire, construct, improve or otherwise develop a project or infrastructure project. The guidelines shall include the following factors: (1) the public health benefits of the project or infrastructure project; (2) the economic development benefits of the project or infrastructure project; (3) the degree to which the project or infrastructure project will correct deficiencies in the compliance of water supply or sewage treatment facilities with state or federal laws, regulations or standards; (4) the degree to which the project or infrastructure project encourages effective and efficient consolidation of water or sewage treatment systems consistent with the comprehensive plan developed pursuant to section six [§ 31-15A-6], of this article; (5) the cost effectiveness of the project or infrastructure project as compared with alternatives which achieve substantially the same public health or economic development benefits, including the consideration of providing maximum feasible fire protection; (6) the availability of alternative sources of funding which could finance all or a part of the project and infrastructure project, and the need for the assistance of the council to finance the project or infrastructure project or attract other sources of funding; (7) the applicant's ability to operate and maintain the system if the project or infrastructure project is approved; (8) the degree to which the project or infrastructure project achieves other state or regional planning goals; (9) the estimated date upon which the project or infrastructure project could commence if funding were available and the estimated comple-

tion date of the project or infrastructure project; and (10) such other considerations as the council may consider necessary or appropriate to accomplish the purpose and intent of this article.

(b) The council shall create a preliminary application form which shall be used by all project sponsors requesting funding assistance from state infrastructure agencies to plan, acquire, construct, improve or otherwise develop an infrastructure project or project. The preliminary application form shall contain all information required by all state infrastructure agencies that will be required to issue permits and/or certificates regarding the project or infrastructure project. The preliminary application shall require the project sponsor to set forth the type and proposed location of the infrastructure project or project; the estimated total cost of the project; the amount of funding assistance required and the specific uses of the funding; other sources of funding available or potentially available for the infrastructure project or project; information demonstrating the need for the infrastructure project or project and that the proposed funding of the project is the most economically feasible and viable alternative to completing the project or infrastructure project; and such other information as the council considers necessary to enable it to recommend the type of project or infrastructure project financing, in terms of the kind, amount and source of funding, which the project sponsor should pursue and which the state infrastructure agency or agencies should consider an appropriate investment of public funds, and to otherwise carry out the intent of this article. (1994, 1st Ex. Sess., c. 26.)

Code of State Rules References. — Infrastructure and jobs development council funding rules, 167 CSR 1, effective June 6, 1996.

§ 31-15A-5. Requirements for project funding assistance; review of project preliminary applications by council.

(a) No project sponsor may apply for or receive any loan, loan guarantee, grant or other funding assistance for a project or infrastructure project from any state infrastructure agency (i) unless the project sponsor requiring the funding assistance first submits a completed preliminary application to the council on the form prepared for such purpose by the council pursuant to section four of this article, and (ii) except as may be recommended by the council after consideration of the preliminary application: Provided, That any project sponsor which has an infrastructure project or project with either acceptable bids or all funding in place on the effective date of this act is not required to comply with the provisions of this section.

(b) The council shall, within thirty days of receipt of each completed preliminary application submitted to it, review the preliminary application and either (i) make a written recommendation as to the infrastructure project or project financing, in terms of the kind, amount and source of funding, which the project sponsor submitting the application should pursue and which the state infrastructure agency or agencies should consider an appropriate invest-

ment of public funds, or (ii) if the council determines that (1) the proposed project or infrastructure project is not eligible for funding assistance from any state infrastructure agency, or (2) the proposed project or infrastructure project is not otherwise an appropriate or prudent investment of state funds, the council shall recommend that the project sponsor not seek funding from any state infrastructure agency. A project sponsor shall include the preliminary application and the council's recommendations in any application to a state infrastructure agency.

(c) The council shall provide a copy of its recommendation with respect to each preliminary application, together with a copy of the preliminary application, to all appropriate state infrastructure agencies, which shall take into account the council's recommendations with respect to a project or infrastructure project before taking any action with respect to the project. No state infrastructure agency shall take any action inconsistent with the recommendation of the council unless the governing body of the agency, or the head of the agency if it has no governing body, expressly finds and determines that the recommendation is not in the best interest of the state or the area in which the proposed infrastructure project or project is to be located.

(d) In reviewing each preliminary application, the council shall use the engineering, financial and technical expertise of the respective staffs of the state infrastructure agencies represented on the council so as to recommend for funding those projects or infrastructure projects which are consistent with the purposes and intent of this article and with the policies and priorities of this state generally. The council may include in its findings a recommendation that a state infrastructure agency consider technical reports on the project prepared by other infrastructure agencies or by any federal agency. (1994, 1st Ex. Sess., c. 26.)

Code of State Rules References. — Infrastructure and jobs development council funding rules, 167 CSR 1, effective June 6, 1996.

§ 31-15A-6. Powers, duties and responsibilities of the council generally; comprehensive assessment.

(a) In addition to the powers set forth elsewhere in this article, the council is hereby granted, has and may exercise all powers necessary or appropriate to carry out and effectuate the purposes and intent of this article. The council shall have the power and capacity to:

(1) Provide consultation services to project sponsors in connection with the planning, acquisition, improvement, construction or development of any infrastructure project or project;

(2) Periodically prepare a list of infrastructure projects or projects which cannot meet the established funding guidelines of the various state infrastructure agencies, other than the housing development fund, but which are consistent with the mandates of this article and recommend to the water development authority that it make a grant or loan to the project sponsors

from the infrastructure fund to finance the cost of one or more such projects or infrastructure projects;

(3) Do all other acts necessary and proper to carry out the powers expressly granted to the authority in this article; and

(4) To make and execute contracts, commitments and obligations and other instruments necessary or convenient for the exercise of its powers.

(b) The council shall develop a comprehensive statewide inventory of water supply systems and sewage treatment systems and an assessment of current and future needs by the first day of July, one thousand nine hundred ninety-six. The assessment shall identify the areas of the state which do not have adequate public water or sewage systems and offer recommendations for the construction of new facilities or the extension or expansion of existing facilities to meet the identified needs. The council shall include in the assessment an identification of the obstacles, issues and problems which prevent or inhibit development of adequate infrastructure throughout the state, including financial, governmental, physical, or geographical factors and make recommendation as the council considers appropriate regarding the obstacles, issues or problems identified. This comprehensive inventory and assessment shall be updated at least once in every three year period after the initial assessment and inventory is completed.

(c) The council shall study the viability of the consolidation of public service districts throughout the state: Provided, That the study shall encompass not only public service districts but also any and all entities which provide or supply water and sewer service to the general public: Provided, however, That the council shall, in the preparation of the study, consult with the public service district division of the public service commission and representatives of the West Virginia rural water association and the West Virginia association of public service districts, as needed. The council shall report their findings and conclusions on or before the sixteenth of January of the year one thousand nine hundred ninety-five to the governor, speaker of the house of delegates and president of the senate. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-7. Current and prospective planning; roads and highways; report to division of highways.

(a) The council shall take into account the current and prospective infrastructure needs in relation to plans of the division of highways for the development and building of new roads. Upon completion an environmental impact study, the commissioner of highways shall provide the council with plans for any and all new roads. In a timely manner, the council shall advise the commissioner of the division of highways on the feasibility of the expansion of new or existing water and sewer lines concomitant to the construction of the new roads.

(b) The council has the authority to appoint local infrastructure planning teams. The local infrastructure planning teams may consist of the following: A designee of the division of highways from the region where the new road is being built; a designee of the division of highways from the central state office;

a designee from the environmental engineers division of the department of health and human resources; a designee from the local developmental authority where the new road is being built; a designee from the regional developmental authority in the area where the new road is being built; a designee from the public service commission; a designee from the division of environmental protection; a designee from the county commission where the new road is being built who shall serve as chairperson of the planning team; a citizen of the county where the new road is being built to be chosen by the county commission; and the elected state delegates and senators from the area where the new road is being built. In order to avoid delay of any highway project, immediately upon appointment of a local infrastructure planning team, the director of the division of highways shall submit to the council a time frame within which the planning team must act and within which the planning team must submit any plans, maps, recommendations or reports developed pursuant to this subsection. The local infrastructure planning team shall meet prior to the development and building of a new road. Members of the local infrastructure planning team shall only receive payment for actual expenses incurred. The local infrastructure planning team shall advise the commissioner of the division of highways on the feasibility of an infrastructure plan. The local infrastructure planning team shall meet to develop an infrastructure plan that includes an assessment study of existing water and sewer lines and a feasibility study on future development and laying of water and sewer lines. After these studies are completed, a developmental map shall be drawn of the proposed road route with overlays of the proposed water and sewer lines. These studies and the map shall be presented to the commissioner of the division of highways and shall be used by the commissioner in the planning, developing and building of the road.

(c) The water development authority shall establish a restricted account within the infrastructure fund to be expended for the construction of water and sewage lines as may be recommended by the council in accordance with this article, and specifically, in accordance the plan developed under subsection (b) of this section. The reserve account shall be known as the "infrastructure road improvement reserve account". The council and the division of highways may enter into agreements to share the cost of financing projects approved in accordance with this section from moneys available in the infrastructure road reserve account and moneys available from the state road fund. Annually, the council may direct the water development authority to transfer funds from the infrastructure fund in an amount not to exceed one million dollars to the restricted account: Provided, That at no time may the balance of the restricted account exceed one million dollars.

(d) For the purposes of this section the term "new" means a road right-of-way being built for the first time.

(e) After the construction of water and sewer lines adjacent to the new road these new lines shall be turned over to existing utilities by expansion of boundaries of public service districts or shall be main extensions from the municipality. (1994, 1st Ex. Sess., c. 26.)

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§ 31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.

(a) If the council determines a project to be an emergency and the emergency project will be funded solely with grant money for the extension of an existing certificated water facility or wastewater facility, and if the council finds in its recommendation that the construction and acquisition of the emergency project will have no effect on the public utility's customer rates and will have no significant effect on its operational costs as a result of the project cost, then the emergency project is exempt from the requirement to obtain a certificate of public convenience and necessity under section eleven [§ 24-2-11], article two, chapter twenty-four of this code. If the public utility is a public service district, it is exempt from the approval of the public service commission required under section twenty-five [§ 16-13A-25], article thirteen-a, chapter sixteen of this code.

(b) Any public utility, and any other entity that will operate as a public utility, must obtain a certificate of public convenience and necessity pursuant to section eleven [§ 24-2-11], article two, chapter twenty-four of this code for any emergency project that is not exempt under subsection (a) of this section. The public service commission shall render its final decision on any application for a certificate within one hundred twenty days of the filing of the application: Provided, That the thirty-day prefiling requirement is not required. If the project sponsor is a public service district, then the project will be exempted from the approval requirements of section twenty-five [§ 16-13A-25], article thirteen-a, chapter sixteen of this code.

(c) Projects that are not emergency projects are subject to the requirements of section eleven, article two, chapter twenty-four of this code to the extent they would be otherwise.

(d) The North Fork Hughes River watershed project, proposed to enhance economic growth and development through tourism as provided in subsection (*l*), section two [§ 31-15A-2] of this article and to include a water facility project as defined in subsection (n), section two of this article, is hereby specifically exempted from any requirement imposed by this article, except that the provisions of subsection (a) of this section are specifically made applicable to the project. The project is hereby specifically authorized and the public land corporation shall have and may exercise the power of eminent domain and all authority otherwise prescribed by law to acquire necessary land and rights-of-way, to include approximately four hundred seventy-eight acres, in connection with the project. Funding for the project shall be provided by the federal government from the Appalachian regional commission through the United States soil conservation service. Upon completion of the project, the property acquired shall be transferred to the state park system. The commissioner of the division of tourism and parks or the successor to the commission-

er's powers and duties is directed to expand the boundaries of North Bend state park to include the project area and to operate the expanded park property, including improved recreational facilities, from funds appropriated for that purpose. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Editor's notes. — Concerning the reference in (d) to "a water facility project as defined in subsection (n), section two of this article," the term "water facility" is defined in subsection (x) of that section.

§ 31-15A-9. Infrastructure fund; deposits in fund; disbursements to provide loans, loan guarantees, grants and other assistance; loans, loan guarantees, grants and other assistance shall be subject to assistance agreements.

(a) The water development authority shall create and establish a special revolving fund of moneys made available by appropriation, grant, contribution or loan to be known as the "West Virginia Infrastructure Fund". This fund shall be governed, administered and accounted for by the directors, officers and managerial staff of the water development authority as a special purpose account separate and distinct from any other moneys, funds or funds owned and managed by the water development authority. The infrastructure fund shall consist of sub-accounts, as deemed necessary by the council or the water development authority, for the deposit of: (1) Infrastructure revenues; (2) any appropriations, grants, gifts, contributions, loan proceeds or other revenues received by the infrastructure fund from any source, public or private; (3) amounts received as payments on any loans made by the water development authority to pay for the cost of a project or infrastructure project; (4) insurance proceeds payable to the water development authority or the infrastructure fund in connection with any infrastructure project or project; (5) all income earned on moneys held in the infrastructure fund; (6) all funds deposited in accordance with section four [§ 31-15B-4] of article fifteen-b; and (7) all proceeds derived from the sale of bonds issued pursuant to article fifteen-b [§§ 31-15B-1 et seq.] of this chapter.

Any money collected pursuant to this section shall be paid into the West Virginia infrastructure fund by the state agent or entity charged with the collection of the same, credited to the infrastructure fund, and used only for purposes set forth in this article or article fifteen-b [§§ 31-15B-1 et seq.].

Amounts in the infrastructure fund shall be segregated and administered by the water development authority separate and apart from its other assets and programs. Amounts in the infrastructure fund may not be transferred to any other fund or account or used, other than indirectly, for the purposes of any other program of the water development authority, except that the water development authority may use funds in the infrastructure fund to reimburse itself for any administrative costs incurred by it and approved by the council in connection with any loan, loan guarantee, grant or other funding assistance made by the water development authority pursuant to this article.

(b) Notwithstanding any provision of this code to the contrary, amounts in the infrastructure fund shall be deposited by the water development authority in one or more banking institutions: Provided, That any moneys so deposited shall be deposited in a banking institution located in this state. The banking institution shall be selected by the water development authority by competitive bid. Pending the disbursement of any money from the infrastructure fund as authorized under this section, the water development authority shall invest and reinvest the moneys subject to the limitations set forth in article eighteen [§§ 31-18-1 et seq.], chapter thirty-one of this code.

(c) To further accomplish the purposes and intent of this article and article fifteen-b [§§ 31-15B-1 et seq.] of this chapter, the water development authority may pledge infrastructure revenues and from time to time establish one or more restricted accounts within the infrastructure fund for the purpose of providing funds to guarantee loans for infrastructure projects or projects: Provided, That for any fiscal year the water development authority may not deposit into the restricted accounts more than twenty percent of the aggregate amount of infrastructure revenues deposited into the infrastructure fund during the fiscal year. No loan guarantee shall be made pursuant to this article unless recourse under the loan guarantee is limited solely to amounts in the restricted account or accounts. No person shall have any recourse to any restricted accounts established pursuant to this subsection other than those persons to whom the loan guarantee or guarantees have been made.

(d) Each loan, loan guarantee, grant or other assistance made or provided by the water development authority shall be evidenced by a loan, loan guarantee, grant or assistance agreement between the water development authority and the project sponsor to which the loan, loan guarantee, grant or assistance shall be made or provided, which agreement shall include, without limitation and to the extent applicable, the following provisions:

(1) The estimated cost of the infrastructure project or project, the amount of the loan, loan guarantee or grant or the nature of the assistance, and in the case of a loan or loan guarantee, the terms of repayment and the security therefor, if any;

(2) The specific purposes for which the loan or grant proceeds shall be expended or the benefits to accrue from the loan guarantee or other assistance, and the conditions and procedure for disbursing loan or grant proceeds;

(3) The duties and obligations imposed regarding the acquisition, construction, improvement or operation of the project or infrastructure project; and

(4) The agreement of the governmental agency to comply with all applicable federal and state laws, and all rules and regulations issued or imposed by the water development authority or other state, federal or local bodies regarding the acquisition, construction, improvement or operation of the infrastructure project or project and granting the water development authority the right to appoint a receiver for the project or infrastructure if the project sponsor should default on any terms of the agreement.

(e) Any resolution of the water development authority approving loan, loan guarantee, grant or other assistance shall include a finding and determination that the requirements of this section have been met.

(f) The interest rate on any loan to governmental, quasi-governmental, or not for profit project sponsors for projects made pursuant to this article shall not exceed three percent per annum. Due to the limited availability of funds available for loans for projects, it is the public policy of this state to prioritize funding needs to first meet the needs of governmental, quasi-governmental and not for profit project sponsors and to require that loans made to for-profit entities shall bear interest at the current market rates. Therefore, no loan may be made by the council to a for-profit entity at an interest rate which is less than the current market rate at the time of the loan agreement.

(g) The water development authority shall cause an annual audit to be made by an independent certified public accountant of its books, accounts and records, with respect to the receipts, disbursements, contracts, leases, assignments, loans, grants and all other matters relating to the financial operation of the infrastructure fund, including the operating of any sub-account within the infrastructure fund. The person performing such audit shall furnish copies of the audit report to the commissioner of finance and administration [office abolished], where they shall be placed on file and made available for inspection by the general public. The person performing such audit shall also furnish copies of the audit report to the Legislature's joint committee on government and finance. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

Editor's notes. — The office of the commissioner of finance and administration was abolished, and the duties of that office were transferred to the secretary of administration. See § 5A-1-2.

§ 31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.

(a) To further accomplish the purpose and intent of this article, the water development authority shall use the moneys in the infrastructure fund created pursuant to section nine [§ 31-15A-9] of this article, upon receipt of one or more recommendations from the council pursuant to section five [§ 31-15A-5] of this article, to make loans, with or without interest, loan guarantees or grants and to provide other assistance, financial, technical or otherwise, to finance all or part of the costs of infrastructure projects or projects to be undertaken by a project sponsor: Provided, That any moneys disbursed from the infrastructure fund in the form of grants shall not exceed twenty percent of the total funds available for the funding of projects. No loan, loan guarantee, grant or other assistance shall be made or provided except upon a determination by the council that the loan, loan guarantee, grant or other assistance and the manner in which it will be provided are necessary or appropriate to accomplish the purposes and intent of this article, based upon an application submitted to the council: Provided, however, That no grant shall be made to a project sponsor that is not a governmental agency or a not for profit corporation under the provisions of section 501(c) [26 USCS § 501(c)] of the Internal Revenue Code of 1986 , as amended. Applications for loans, loan guarantees, grants or other assistance may be submitted by a project sponsor for one or

more infrastructure projects on preliminary application forms prepared by the council pursuant to section four [§ 31-15A-4] of this article. Any recommendation of the council approving a loan, loan guarantee, grant or other assistance shall include a finding and determination by the council that the requirements of this section have been met. The council shall base any decisions to loan money for projects to project sponsors pursuant to this article solely on the need of the project sponsors.

(b) The council has the authority in its sole discretion to make grants to project sponsors if it finds that: (1) The level of rates for the users would otherwise be an unreasonable burden given the users' likely ability to pay; or (2) the absence of a sufficient number of users prevents funding of the project except through grants: Provided, That no project sponsor shall receive infrastructure grant money in an amount in excess of fifty percent of the total cost of the project. Therefore, the council may consider the economic or financial conditions of the area to be served. As a condition for receipt of a grant under this subsection, the council may require, in addition to any other conditions, that the applicant pursue other state or federal grant or loan programs. Upon a recommendation by the council, the water development authority shall provide the grant in accordance with the recommendation. The council shall develop criteria to be considered in making grants to project sponsors which shall require consideration of the economic or financial conditions of the area to be served and the availability of other funding sources. The council shall adopt procedural rules regarding the manner in which grants will be awarded in conformity with this section. The procedural rules shall be adopted pursuant to article three [§§ 29A-3-1 et seq.], chapter twenty-nine-a of this code.

(c) Notwithstanding any other provision of this article to the contrary, the council shall apply a mandatory minimum end user utility rate that must be met by the project sponsor before funding assistance may be awarded. The mandatory minimum end utility rate shall be be based upon a uniform statewide percentage of the median household income in a particular geographic area and said rate shall not exceed six tenths of one percent: Provided, That funding assistance made from the proceeds of any general obligation bonds and revenue bonds issued after the fifteenth day of March, one thousand nine hundred ninety-eight, after transfer required to make the state match for the water and wastewater revolving loan programs pursuant to article two [§§ 22C-2-1 et seq.], chapter twenty-two-c and article thirteen-c [§§ 16-13C-1 et seq.], chapter sixteen of this code, shall be provided by the council on a pro rata basis divided equally among the congressional districts of this state as delineated in accordance with section three [§ 1-2-3], article two, chapter one of this code: Provided, however, That infrastructure projects as defined in subsection (*l*), section two [§ 31-15A-2] of this article shall not be subject to pro rata distribution. When determining median household income of a geographic area of the project to be served, the council shall consider any surveys of the income of the households that will be served by the project.

(d) No loan or grant funds may be made available for a project if the project to be funded will provide subsidized services to certain users in the service area of the project.

(e) Notwithstanding any other provision of this article to the contrary, engineering studies and requirements imposed by the council for preliminary applications shall not exceed those engineering studies and requirements which are necessary for the council to determine the economic feasibility of the project. If the council determines that the engineering studies and requirements for the preapplication would impose an undue hardship on any project sponsor, the council may provide funding assistance to project sponsors to defray the expenses of the preapplication process from moneys available in the infrastructure fund for making loans: Provided, That the council may only provide funding assistance in an amount equal to five thousand dollars or fifty percent of the total preapplication cost of the project, whichever amount is greater. If the project is ultimately approved for a loan by the council, the amount of funding assistance provided to the project sponsor for the preapplication process shall be included in the total amount of the loan to be repaid by the project sponsor. If the project is not ultimately approved by the council, then the amount of funding assistance provided to the project sponsor will be considered a grant by the council and the total amount of the assistance shall be forgiven. In no event may the amount of funding assistance provided to all project sponsors exceed, in the aggregate, one hundred thousand dollars annually.

(f) The council shall report to the governor, the speaker of the House of Delegates and the president of the Senate during each regular and interim session of the Legislature, on its activities and decisions relating to distribution or planned distribution of grants and loans under the criteria to be developed pursuant to this article. (1994, 1st Ex. Sess., c. 26; 1995, c. 130; 1998, c. 180.)

Code of State Rules References. — Infrastructure and jobs development council funding rules, 167 CSR 1, effective June 6, 1996.

Editor's notes. — Section 501 of the Internal Revenue Code of 1986, referred to in (a), is codified at 26 USCS § 501.

§ 31-15A-11. Reservation of funds for projects and infrastructure projects.

Eighty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for the cost of projects as defined in subsection (n), section two [§ 31-15A-2] of this article. Twenty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (*l*), section two of this article. Project sponsors of infrastructure projects shall follow the application process as established by this article: Provided, That notwithstanding any provision of this article to the contrary, all applications for any infrastructure project shall be submitted to the council for community and economic development, or its successor, for review, recommendation and approval regarding infrastructure project funding. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Editor's notes. — Concerning the reference to "projects as defined in subsection (n), section two of this article," the term "project" is defined in subsection (o) of that section.

§ 31-15A-12. Additional powers of water development authority.

To accomplish the purpose and intent of this article, the water development authority is hereby empowered, in addition to all other powers granted to it under this code, upon approval of the council, to (1) enter into agreements or other transactions with any federal or state agency in connection with any infrastructure project or project; (2) receive or administer on behalf of any federal or state agency grants, subsidies or other payments to be applied to the costs of any infrastructure project or project financed in whole or in part or otherwise assisted by the water development authority, including, but not limited to, payments to be applied to operating costs and debt service or obligations of any project sponsor; (3) receive and accept aid or contributions from any source of money, property, labor or other things of value, to be held, used and applied only for the purposes for which such grants and contributions are made; (4) establish and amend the criteria and qualifications for making loans, loan guarantees or grants, or providing any other assistance, for any infrastructure project or project, and the terms of any loans, loan guarantee, grant or assistance agreement for any project; and (5) do all things which are necessary to further the purposes and intent of this article. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-13. Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions.

No part of the infrastructure fund or the West Virginia infrastructure revenue debt service fund shall inure to the benefit of or be distributable to the water development board directors or officers of the water development authority except that the water development authority is authorized and empowered to pay reasonable compensation, other than to members of the water development board, including the chairman, vice chairman, secretary-treasurer for services rendered and to make loans and exercise its other powers as previously specified in furtherance of its corporate purpose: Provided, That no loans shall be made, and no property shall be purchased or leased from, or sold, leased or otherwise disposed of, to any water development board member or officer of the water development authority. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

§ 31-15A-14. Termination or dissolution.

Upon the termination or dissolution of the water development authority, all rights and properties of the water development authority with respect to the

infrastructure fund shall pass to and be vested in the state, subject to the rights of lienholders and other creditors. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-15. Projects not to be considered public improvements; competitive bid requirements.

(a) No project or infrastructure project acquired, constructed, maintained or financed, in whole or in part, by the water development authority shall be considered to be a "public improvement" within the meaning of the provisions of article five-a [§§ 21-5A-1 et seq.], chapter twenty-one of this code as a result of the financing.

(b) The state and its subdivisions shall, except as provided in subsection (c) of this section, solicit competitive bids and require the payment of prevailing wage rates as provided in article five-a [§§ 21-5A-1 et seq.], chapter twenty-one of this code for every project or infrastructure project funded pursuant to this article exceeding twenty-five thousand dollars in total cost.

Following the solicitation of the bids, the construction contract shall be awarded to the lowest qualified responsible bidder, who shall furnish a sufficient performance and payment bond: Provided, That the state and its subdivisions may reject all bids and solicit new bids on the project.

(c) This section does not:

(1) Apply to work performed on construction or repair projects not exceeding a total cost of fifty thousand dollars by regular full-time employees of the state or its subdivisions: Provided, That no more than fifty thousand dollars shall be expended on an individual project in a single location in a twelve-month period;

(2) Prevent students enrolled in vocational educational schools from being used in the construction or repair projects when such use is a part of the students' training program;

(3) Apply to emergency repairs to building components and systems: Provided, That the term "emergency repairs" means repairs that, if not made immediately, will seriously impair the use of the building components and systems or cause danger to those persons using the building components and systems; or

(4) Apply to any situation where the state or a subdivision of the state comes to an agreement with volunteers, or a volunteer group, by which the governmental body will provide construction or repair materials, architectural, engineering, technical or any other professional services and the volunteers will provide the necessary labor without charge to, or liability upon, the governmental body: Provided, That the total cost of the construction or repair projects does not exceed fifty thousand dollars.

(d) The provisions of subsection (b) of this section do not apply to privately owned projects or infrastructure projects constructed on lands not owned by the state or a subdivision of the state. (1994, 1st Ex. Sess., c. 26; 2001, c. 45.)

§ 31-15A-16. Dedication of severance tax proceeds.

(a) There shall be dedicated an annual amount from the collections of the tax collected pursuant to article thirteen-a [§§ 11-13A-1 et seq.], chapter

eleven of this code for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development in this state as provided in this article.

(b) Notwithstanding any other provision of this code to the contrary, beginning on the first day of July, one thousand nine hundred ninety-five, the first sixteen million dollars of the tax collected pursuant to article thirteen-a [§§ 11-13A-1 et seq.], chapter eleven of this code shall be deposited to the credit of the West Virginia infrastructure general obligation debt service fund created pursuant to section three [§ 31-15B-3], article fifteen-b of this chapter: Provided, That beginning on the first day of July, one thousand nine hundred ninety-eight, the first twenty-four million dollars of the tax annually collected pursuant to article thirteen-a of this code shall be deposited to the credit of the West Virginia infrastructure general obligation debt service fund created pursuant to section three, article fifteen-b of this chapter.

(c) Notwithstanding any provision of subsection (b) of this section to the contrary: (1) none of the collections from the tax imposed pursuant to section six [§ 11-13A-6], article thirteen-a, chapter eleven of this code shall be so dedicated or deposited; and (2) the portion of the tax imposed by article thirteen-a [§§ 11-13A-1 et seq.], chapter eleven and dedicated for purposes of medicaid and the division of forestry pursuant to section twenty-a [§ 11-13A-20a] of said article thirteen-a shall remain dedicated for the purposes set forth in said section twenty-a.

(d) On or before the first day of May of each year, commencing the first day of May, one thousand nine hundred ninety-five, the council, by resolution, shall certify to the treasurer and the water development authority the principal and interest coverage ratio and amount for the following fiscal year on any infrastructure general obligation bonds issued pursuant to the provisions of article fifteen-b [§§ 31-15B-1 et seq.] of this chapter. (1994, 1st Ex. Sess., c. 26; 1995, c. 130; 1998, c. 180.)

§ 31-15A-17. Water development authority empowered to issue infrastructure revenue bonds and refunding bonds; creation of infrastructure revenue debt service fund; funding of infrastructure revenue debt service fund; requirements and manner of such issuance.

(a) To accomplish the purpose and intent of this article, the water development authority is hereby empowered at the written request of the council to issue from time to time infrastructure revenue bonds of the state in such principal amounts as the council deems necessary to make loans and loan guarantees and other forms of financial assistance to project sponsors for one or more projects or infrastructure projects: Provided, That the water development authority may not issue any such bonds, other than refunding bonds, unless the council by resolution determines that the aggregate cost of the

projects or infrastructure projects expected to be constructed during any annual period exceeds (1) the projected annual infrastructure revenues for the same period, and (2) the principal and interest payments not otherwise pledged to the infrastructure revenue debt service fund that are due the water development authority on all outstanding loans previously made by the water development authority pursuant to the provisions of this article.

(b) The proceeds of infrastructure revenue bonds shall be used solely for the purpose of making loans and loan guarantees and other forms of financial assistance to sponsors of one or more projects or infrastructure projects, and shall be deposited in one or more special accounts with the trustee under the trust agreement securing such bonds and disbursed from time to time for projects or infrastructure projects in accordance with this article: Provided, That notwithstanding any provision of this code to the contrary, twenty percent of the funds deposited in the special account shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (*l*), section two [§ 31-15A-2], of this article.

(c) The water development authority may not authorize the disbursement of any proceeds of infrastructure revenue bonds unless it has received documentation from the council pursuant to the provisions of section ten [§ 31-15A-10] of this article.

(d) There is hereby created in the water development authority a special fund which shall be designated and known as the "West Virginia Infrastructure Revenue Debt Service Fund," into which shall be transferred solely from the loan repayments deposited in the infrastructure fund the amounts certified by the director of the water development authority as necessary to pay the principal, premium, if any, and interest on infrastructure revenue bonds and any reserve requirements, subject to the terms of any agreement with the holders of the infrastructure revenue bonds. All amounts deposited in the West Virginia infrastructure revenue debt service fund shall be pledged to the repayment of the principal, interest and redemption premium, if any, on any infrastructure revenue bonds authorized by this article: Provided, That amounts on deposit in the fund may be used to establish or maintain reserves created for the purposes of securing such infrastructure revenue bonds. The pledge shall be valid and binding from the time the pledge is made, and the West Virginia infrastructure revenue debt service fund so pledged shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the water development authority irrespective of whether the parties have notice thereof.

(e) Except as may otherwise be expressly provided in this article or by resolution of the water development authority, every issue of infrastructure revenue bonds shall be special obligations of the water development authority payable solely from amounts in the West Virginia infrastructure revenue debt service fund, and the reserves created for this purpose by the water development authority, without preference or priority among the bonds regardless of when issued, subject only to any agreements with the holders of any bonds to the contrary. All such bonds are hereby declared to be negotiable instruments.

(f) Infrastructure revenue bonds shall be authorized by resolution of the water development authority. These bonds shall bear such dates and shall mature at such times, in case of any note or renewal thereof not exceeding five years from the date of issue of the original note, and in the case of any bond not exceeding fifty years from the date of issue, as the resolution may provide. Infrastructure revenue bonds shall bear interest at a rate or rates, including variable rates, shall be taxable or tax-exempt, shall be in the denominations, shall be in registered form, shall carry the registration privileges, shall be payable in the medium and place of payment, and shall be subject to the terms of redemption as the water development authority may authorize. Infrastructure revenue bonds may be sold by the water development authority at public or private sale at the price the water development authority determines in consultation with the council. Infrastructure revenue bonds shall be executed by the chairman and the vice chairman of the water development authority, either or both of whom may use a facsimile signature. The official seal of the water development authority or a facsimile thereof shall be affixed thereto or printed thereon and attested by manual or facsimile signature by the secretary-treasurer of the water development authority. If any officer whose signature, or a facsimile of whose signature appears on any infrastructure revenue bond ceases to be such officer before delivery of such bond, such signature or facsimile is nevertheless sufficient for all purposes to the same extent as if he or she had remained in office until such delivery, and if the seal of the water development authority has been changed after a facsimile has been imprinted on such bond, the facsimile will continue to be sufficient for all purposes.

(g) Any resolution authorizing any infrastructure revenue bonds may contain provisions, subject to any agreement with bondholders or noteholders which may then exist, which agreements shall be part of the contract with the holder thereof, with respect to the pledge of or other use and disposition of amounts in the infrastructure revenue debt service fund; the setting aside of reserve funds; the disposition of any assets of the water development authority; limitations on the purpose to which the proceeds of sale of bonds may be applied; the authorization of notes issued in anticipation of the issuance of bonds; an agreement of the water development authority to do all things necessary for the authorization, issuance and sale of such bonds in such amounts as may be necessary for the timely retirement of such notes; limitations on the issuance of additional bonds; the terms upon which additional bonds may be issued and secured; the refunding of outstanding bonds and the renewal of outstanding notes; the procedures, if any, by which the terms of any contract with bondholders or noteholders may be amended or abrogated; the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given; and any other matter which in any way affects the security for or protection of the bonds.

(h) In the event that the sum of all reserves pledged to the payment of the bonds is less than the minimum reserve requirements established in any resolution or resolutions authorizing the issuance of the bonds, the chairman or the director of the water development authority shall certify, on or before the

first day of December of each year, the amount of such deficiency to the governor of the state for inclusion, if the governor shall so elect, of the amount of such deficiency in the budget to be submitted to the next session of the Legislature for appropriation to the water development authority to be pledged for payment of such bonds: Provided, That the Legislature shall not be required to make any appropriations so requested, and the amount of such deficiencies shall not constitute a debt or liability of the state.

(i) Neither the officers or board members of the water development authority, nor any person executing the infrastructure revenue bonds, shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof. (1998, c. 180.)

§ 31-15A-17a. Infrastructure revenue bonds payable from A. James Manchin fund.

Notwithstanding any other provision of this code to the contrary, the water development authority may issue, in accordance with the provisions of section seventeen [§ 31-15A-17] of this article, infrastructure revenue bonds payable from the A. James Manchin fund created by section six [§ 17-24-6], article twenty-four, chapter seventeen of this code and such other sources as may be legally pledged for such purposes other than the West Virginia infrastructure revenue debt service fund created by section seventeen of this article. (2003, c. 251.)

Effective dates. — Acts 2003, c. 251, provided that the act take effect June 6, 2003.

§ 31-15A-18. Trustee for holders of infrastructure revenue bonds; contents of trust agreement.

(a) Any infrastructure revenue bonds issued by the water development authority under this article shall be secured by a trust agreement between the water development authority and a corporate trustee, which trustee may be any trust company or banking institution having the powers of a trust company within this state.

(b) Any trust agreement may pledge or assign the infrastructure revenue debt service fund. Any trust agreement or any resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as are reasonable and proper and not in violation of law, including the provisions contained in section seventeen [§ 31-15A-17] of this article, and covenants setting forth the duties of the water development authority in respect to the payment of the principal of and interest, charges and fees on loans made to, or bond purchases from, governmental agencies from the proceeds of the bonds, and the custody, safeguarding and application of all moneys. Any banking institution or trust company incorporated under the laws of this state which may act as depository of the proceeds of bonds or of the infrastructure debt service fund shall furnish such indemnifying bonds or pledge securities as are

required by the water development authority. The trust agreement may set forth the rights and remedies of the bondholders and noteholders and of the trustee and may restrict individual rights of action by bondholders and noteholders as customarily provided in trust agreements or trust indentures securing similar bonds and notes. The trust agreement may contain such other provisions as the water development authority deems reasonable and proper for the security of the bondholders or noteholders. All expenses incurred in carrying out the provisions of any such trust agreement may be treated as part of the cost of the construction, renovation, repair, improvement or acquisition of a project or infrastructure project. (1998, c. 180.)

§ 31-15A-19. Legal remedies of infrastructure revenue bondholders or noteholders and trustees.

Any holder of infrastructure revenue bonds issued pursuant to this article and the trustee under any trust agreement, except to the extent the rights given by this article may be restricted by the applicable resolution or trust agreement, may by civil action, mandamus or other proceedings protect and enforce any rights granted under the laws of this state or granted under this article, by the trust agreement or by the resolution in the issuance of the bonds, and may enforce and compel the performance of all duties required by this article, pursuant to the trust agreement or resolution, to be performed by the water development authority or any officer thereof. (1998, c. 180.)

§ 31-15A-20. Infrastructure revenue bonds lawful investments.

All infrastructure revenue bonds issued pursuant to this article shall be lawful investments for banking institutions, societies for savings, building and loan associations, savings and loan associations, deposit guarantee associations, trust companies, and insurance companies, including domestic for life and domestic not for life insurance companies. (1998, c. 180.)

§ 31-15A-21. Purchase and cancellation of infrastructure revenue bonds.

(a) The water development authority, subject to such agreements with noteholders or bondholders as may then exist, shall have the power, from any funds available therefor, to purchase or redeem infrastructure revenue bonds of the water development authority.

(b) If the infrastructure revenue bonds are then redeemable, the price of the purchase shall not exceed the redemption price then applicable, plus accrued interest to the next interest payment date thereon. If the infrastructure revenue bonds are not then redeemable, the price of the purchase shall not exceed the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption, plus accrued interest to such date. Upon purchase or redemption, the bonds shall be canceled. (1998, c. 180.)

§ 31-15A-22. Refunding revenue bonds.

Any infrastructure revenue bonds issued pursuant to the provisions of this article and at any time outstanding may at any time and from time to time be refunded by the water development authority by the issuance of its refunding revenue bonds in an amount it deems necessary to refund the principal of the bonds to be refunded, together with any unpaid interest thereon, to provide additional funds for the water development authority to accomplish the purpose of this article, and to pay any premiums and commissions necessary to be paid in connection therewith. Any refunding may be effected whether the infrastructure revenue bonds to be refunded shall have then matured or shall thereafter mature: Provided, That the holders of any infrastructure revenue bonds so to be refunded shall not be compelled without their consent to surrender their infrastructure revenue bonds for payment or exchange prior to the date on which they are payable or, if they are called for redemption, prior to the date on which they are by their terms subject to redemption. Any refunding revenue bonds issued pursuant to this article shall be payable from the West Virginia infrastructure revenue debt service fund, and shall be subject to the provisions contained in section seventeen [§ 31-15A-17] of this article, and shall be secured in accordance with the provisions of sections seventeen and eighteen [§ 31-15A-18] of this article. (1998, c. 180.)

§ 31-15A-23. Infrastructure revenue bonds not debt of state, county, municipality or any political subdivision.

Infrastructure revenue bonds issued pursuant to the provisions of this article shall not constitute a debt or a pledge of the faith and credit or taxing power of this state or of any county, municipality or any other political subdivision of this state. The holders or owners thereof shall have no right to have taxes levied by the Legislature or the taxing authority of any county, municipality or any other political subdivision of this state for the payment of the principal thereof or interest thereon. The bonds shall be payable solely from the revenues and funds pledged for their payment as authorized by this article. All such bonds shall contain on the face thereof a statement to the effect that the bonds, as to both principal and interest, are not debts of the state or any county, municipality or political subdivision thereof, but are payable solely from revenues and funds pledged for their payment. (1998, c. 180.)

§ 31-15A-24. Infrastructure revenue bonds exempt from taxation.

The exercise of the powers granted to the water development authority by this article will be in all respects for the benefit of the people of the state, for the improvement of their health, safety, convenience and welfare and for the enhancement of their residential, agricultural, recreational, economic, commercial and industrial opportunities and is for a public purpose. As the

construction, acquisition, repair or renovation of projects or infrastructure projects will constitute the performance of essential governmental functions, the water development authority shall not be required to pay any taxes or assessments upon any project or upon any property acquired or used by the water development authority or upon the income therefrom. The infrastructure revenue bonds and all interest and income thereon shall be exempt from all taxation by this state, or any county, municipality, political subdivision or agency thereof, except estate taxes. (1998, c. 180.)

ARTICLE 15B.

INFRASTRUCTURE BONDS.

Sec.
31-15B-1. Definitions.
31-15B-2. Infrastructure general obligation bonds; amount; when may issue.
31-15B-3. Creation of debt service fund; disbursements to pay debt service on infrastructure general obligation bonds.
31-15B-4. Infrastructure general obligation debt service fund; sources used to pay bonds and interest; investment of remainder.
31-15B-5. Covenants of state.
31-15B-6. Sale by governor; minimum price.
31-15B-7. Prohibition on funds inuring to the benefit of or being distributable to directors or officers; transactions between the council and West Virginia water development authority and directors or officers having certain interests in such transactions.
31-15B-8. Infrastructure bonds lawful investments.
31-15B-9. Refunding bonds.
31-15B-10. Termination or dissolution.
31-15B-11. Treasurer to determine financial advisor.
31-15B-12. Governor to determine bond counsel.
31-15B-13. Approval and payment of all necessary expenses.

§ 31-15B-1. Definitions.

For purposes of this article and article fifteen-a [§§ 31-15A-1 et seq.] of this chapter:

(a) "Council" means the West Virginia infrastructure and jobs development council created in section three [§ 31-15A-3], article fifteen-a of this chapter;

(b) "Infrastructure amendment" means the amendment to the constitution of this state entitled "infrastructure amendment" as approved by referendum in the month of November, one thousand nine hundred ninety-four;

(c) "Infrastructure general obligation bond" means any bond or bonds issued by the state pursuant to section two [§ 31-15B-2] of this article;

(d) "Water development authority" means the West Virginia water development authority established under article one [§§ 22C-1-1 et seq.], chapter twenty-two-c of this code, or any successor to all or any substantial part of its powers and duties. (1995, c. 130.)

§ 31-15B-2. Infrastructure general obligation bonds; amount; when may issue.

Bonds of the state of West Virginia, under authority of the infrastructure improvement amendment of 1994, of the par value not to exceed in the

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application shall be made by majority vote of the full membership of the board.

(g) The board shall manage the property and business of the Authority and may prescribe, amend, adopt and repeal bylaws and rules and regulations governing the manner in which the business of the Authority is conducted.

(h) The board shall, without regard to the provisions of civil service laws applicable to officers and employees of the State of West Virginia, appoint any necessary managers, assistant managers, officers, employees, attorneys and agents for the transaction of its business, fix their compensation, define their duties and provide a system of organization to fix responsibility and promote efficiency. Any appointee of the board may be removed at the discretion of the board. The Authority may reimburse any state spending unit for any special expense actually incurred in providing any service or the use of any facility to the Authority.

(i) In cases of any vacancy in the office of a voting member, the vacancy shall be filled by the Governor. Any member appointed to fill a vacancy in the board occurring prior to the expiration of the term for which his or her predecessor was appointed shall be appointed for the remainder of the term.

(j) The Governor may remove a member in the case of incompetence, neglect of duty, gross immorality or malfeasance in office, and may declare the member's office vacant and appoint a person for the vacancy as provided in other cases of vacancy.

(k) The secretary of the board shall keep a record of the proceedings of the board and perform any other duties determined appropriate by the board. The treasurer shall be custodian of all funds of the Authority and shall be bonded in the amount designated by other members of the board. (1989, c. 54; 2004, c. 88.)

Effect of amendment of 2004. — Acts 2004, c. 88, effective June 11, 2004, added subsection designations; substituted "is continued" for "heretofore created is hereby continued" in (a); in (b), inserted the second sentence and deleted the final two sentences, pertaining to appointment of board members and their terms; in (c), deleted "these original" preceding "appointments" and the final sentence and proviso, pertaining to board members serving prior to the present legislation; substituted "any necessary" for "such" in (h); inserted "voting" in (i); substituted "the amount designated by other members of the board" for "such amount as other members of the board may designate" in (k); made the section gender neutral; and made minor stylistic changes.

ARTICLE 15A.

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL.

Sec.
31-15A-3. West Virginia Infrastructure and Jobs Development Council continued; members of Council; staff of Council.
31-15A-11. Reservation of funds for projects and infrastructure projects.
31-15A-17a. Infrastructure revenue bonds payable from A. James Manchin Fund.

§ 31-15A-3. West Virginia Infrastructure and Jobs Development Council continued; members of Council; staff of Council.

(a) The West Virginia Infrastructure and Jobs Development Council is hereby continued. The Council is a governmental instrumentality of the state. The exercise by the Council of the powers conferred by this article and the carrying out of its purpose and duties shall be considered and held to be, and are hereby determined to be, essential governmental functions and for a public purpose.

(b) The Council shall consist of eleven members, including the Governor or designee, the executive director of the Housing Development Fund or his or her designee, the Director of the Division of Environmental Protection or his or her designee, the Director of the Economic Development Authority or his or her designee, the Director of the Water Development Authority or his or her designee, the Director of the Division of Health or his or her designee, the chairman of the Public Service Commission or his or her designee, and four members representing the general public: Provided, That there shall be at least one member representing the general public from each congressional district: Provided, however, That after the expiration of the term of office of the members first appointed as representatives of the general public, no more than one member representing the general public may be a resident of the same county. The Governor shall appoint the public members of the Council who shall serve three-year staggered terms. The Commissioner of the Division of Highways, the executive director of the State Rail Authority, two members of the West Virginia Senate, two members of the West Virginia House of Delegates, the chancellor of the Higher Education Policy Commission and the chancellor of the West Virginia Council for Community and Technical College Education serve as advisory members of the Council. The Governor shall appoint the legislative members of the Council: Provided further, That no more than three of the legislative members may be of the same political party. The Governor shall appoint the representatives of the governing boards from a list of three names submitted by each governing board. The advisory members shall be ex officio, nonvoting members of the Council.

(c) The Governor or designee shall serve as chairman and the Council shall annually appoint a vice chairperson and shall appoint a secretary, who need not be a member of the Council and who shall keep records of its proceedings. Six members of the Council shall constitute a quorum and the affirmative vote of at least the majority of those members present shall be necessary for any action taken by vote of the Council. A vacancy in the membership of the Council does not impair the rights of a quorum by such vote to exercise all the rights and perform all the duties of the Council.

(d) A member of the Council who serves by virtue of his or her office does not receive compensation or reimbursement of expenses for serving as a member. The public members are reimbursed for actual expenses incurred in the service of the Council in a manner consistent with guidelines of the Travel Management Office of the Department of Administration.

(e) The Council meets at least monthly to review projects and infrastructure projects requesting funding assistance and otherwise to conduct its business and may meet more frequently if necessary. Notwithstanding any other provision of this article to the contrary, the Economic Development Authority is not subject to Council review with regard to any action taken pursuant to the authority established in article fifteen [§§ 31-15-1 et seq.], chapter thirty-one of this code. The Governor's Civil Contingent Fund is not subject to Council review with regard to projects or infrastructure projects funded through the Governor's Civil Contingent Fund.

(f) The Water Development Authority shall provide office space for the Council and each governmental agency represented on the Council shall provide staff support for the Council in the manner determined appropriate by the Council.

(g) The Council shall invite to each meeting one or more representatives of the United States Department of Agriculture, Rural Economic Community Development, the United States Economic Development Agency and the United States Army Corps of Engineers or any successors thereto. The Council shall invite such other appropriate parties as is necessary to effectuate the purposes of this article. (1994, 1st Ex. Sess., c. 26; 1995, c. 130; 2005, 1st Ex. Sess., c. 3.)

Effect of amendment of 2005. — Acts 2005, 1st Ex. Sess., c. 3, effective January 29, 2005, in (b), in the first sentence, inserted "the governor or designee" and deleted "the executive director of the state development office or his or her designee" preceding "the director of the division of health," and substituted "the chancellor of the higher...college education" for "one representative of the board of directors of the state college system and one representative of the board of trustees of the university of West Virginia shall" in the fourth sentence; substituted "The governor...vice chairperson" for "The council shall annually elect one of its members as chairman" in (c); rewrote (d) and (e); deleted "from time to time" at the end of (f); in (g), substituted "each meeting" for "all its meetings" and "as is necessary" for "as may be necessary"; and made minor stylistic changes.

§ 31-15A-11. Reservation of funds for projects and infrastructure projects.

Eighty percent of the funds deposited in the West Virginia Infrastructure Fund shall be dedicated for the purpose of providing funding for the cost of projects as defined in subsection (n), section two [§ 31-15A-2] of this article. Twenty percent of the funds deposited in the West Virginia Infrastructure Fund shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (*l*), section two of this article. Project sponsors of infrastructure projects shall follow the application process as established by this article: Provided, That notwithstanding any provision of this article to the contrary, all applications for any infrastructure project shall be submitted to the executive director of the West Virginia Development Office for review, recommendation and approval regarding infrastructure project funding. (1994, 1st Ex. Sess., c. 26; 1998, c. 180; 2005, 1st Ex. Sess., c. 3.)

Effect of amendment of 2005. — Acts 2005, 1st Ex. Sess., c. 3, effective January 29, 2005, substituted "executive director of the West Virginia Development Office" for "council for community and economic development, or its successor."

§ 31-15A-17a. Infrastructure revenue bonds payable from A. James Manchin Fund.

Notwithstanding any other provision of this code to the contrary, the Water Development Authority may issue, in accordance with the provisions of section seventeen [§ 31-15A-17] of this article, infrastructure revenue bonds payable from the A. James Manchin Fund created by section nine [§ 22-15A-9], article fifteen-a, chapter twenty-two of this code and such other sources as may be legally pledged for such purposes other than the West Virginia Infrastructure Revenue Debt Service Fund created by section seventeen of this article. (2003, c. 251; 2005, c. 199.)

Effect of amendment of 2005. — Acts 2005, c. 199, effective July 8, 2005, substituted "section nine, article fifteen-a, chapter twenty-two" for "section six, article twenty-four, chapter seventeen"; and made minor stylistic changes.

ARTICLE 16.

WEST VIRGINIA STEEL FUTURES PROGRAM.

Sec.
31-16-5. Continuation of commission and program.

§ 31-16-5. Continuation of commission and program.

The Steel Advisory Commission and the steel futures program shall continue to exist until the first day of July, two thousand five, unless sooner terminated, continued or reestablished pursuant to the provisions of article ten [§§ 4-10-1 et seq.], chapter four of this code. (1993, c. 128; 1997, c. 169; 2004, c. 237.)

Effect of amendment of 2004. — Acts 2004, c. 237, effective June 10, 2004, inserted "commission and" in the section heading; and rewrote the section, which read: "The steel advisory commission and the steel futures program shall continue to exist until the first day of July, two thousand four: Provided, That prior to the termination date the joint committee on government organization shall conduct a performance review of the commission and program."

ARTICLE 17.

WEST VIRGINIA RESIDENTIAL MORTGAGE LENDER, BROKER AND SERVICER ACT.

Sec.
31-17-2. License required for lender, broker or loan originator; exemptions.

§ 31-17-2. License required for lender, broker or loan originator; exemptions.

(a) No person shall engage in this state in the business of lender, broker or loan originator unless and until he or she shall first obtain a license to do so from the Commissioner, which license remains unexpired, unsuspended and

City of St. Marys

Mayor
Louis F. Flade

City Manager
Roy G. Hearn

City Recorder
Linda K. Wilson

418 Second Street
ST. MARYS, WEST VIRGINIA 26170
Phone: (304) 684-2401
Fax: (304) 684-2463

May 14, 1996

Councilpersons

Ward I
Lyle Meeks
Gene Dutton

Ward II
Richard McCullough
Jack Johnson

Ward III
C. A. (Mike) Hendricks
Larry Burns

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

I, Linda K. Wilson, City Recorder for the City of St. Marys, WV, do hereby certify that the attached copies of the City Charter and any amendments thereto, are true and accurate copies of the originals on file in my office.

Linda K. Wilson
City Recorder

CITY CHARTER

CITY OF SAINT MARYS
WEST VIRGINIA

PLEASANTS COUNTY

JUNE 30, 1930

ENROLLED BILL

(H. B. No. 253)

AN ACT to amend and re-enact the several acts incorporating the town of St. Marys, which was done by an order of the circuit court of Pleasants County, West Virginia, on the twenty-third day of April, one thousand eight hundred and eighty; and by an act of the legislature of West Virginia, passed February fifteen, one thousand nine hundred and one, incorporating and creating the city of St. Marys, in Pleasants County, and approved by the governor February eighteen, one thousand nine hundred and one, and being known and denominated Chapter one hundred and forty-seven of the acts of the regular session, of one thousand nine hundred and one. And also an act denominated chapter nine, of the acts of the legislature of West Virginia, regular session, of one thousand nine hundred and seven entitled: An act to amend and re-enact chapter one hundred and forty-seven of the acts of one thousand nine hundred and one, incorporating the city of St. Marys, in relation to section nine and twenty-nine of said act, which act was passed February nineteen, one thousand nine hundred and seven, and became a law ninety days from its passage: to take in additional territory and add certain amendments to said charter: "and providing for a charter election to be held submitting to the voters of the territory within the present city of St. Marys and to those living within the additional territory, to vote thereon at an election to be held for that purpose, to be fixed and held under the supervision of the present municipal government of the city of St. Marys.

"Be it enacted by the legislature of West Virginia:

"That in order to amend, revise and consolidate into one act, and order of the circuit court of Pleasants County, West Virginia, made and entered into on the twenty-third day of April, one thousand eight hundred and eighty, incorporating the town of St. Marys, in Pleasants County, in said state; an act of the legislature of West Virginia, denominated and known as chapter one hundred and forty-seven of the acts of said West Virginia legislature of one thousand nine hundred and one, passed February fifteen, one thousand nine hundred and one, incorporating the city of St. Marys in said Pleasants County, and also an amendment to said charter of said city of St. Marys, being chapter nine of the acts of 1907, passed February nineteen, 1907, amending sections 9 and 29 of said chapter 147, aforesaid, and to embody in this act and chapter all of said acts heretofore enacted and passed, that of the circuit court of Pleasants County, and the acts of West Virginia legislature; to take in additional territory and add certain amendments to said chapter and to submit to the voters of said city in the territory within the present city limits and that to be included in this act, at a charter election to be fixed and held by the present municipal government now in power, and if adopted by a majority of all the legal votes cast at such election this act from and after the date of said election shall be and remain the charter of "The City of St. Marys."

Section 1. That the inhabitants of so much of the county of Pleasants as is within the bounds described by section two of this act, and their successors, shall be and remain, and they are hereby made a body politic and corporate by the name of "The City of St. Marys," and as such shall have perpetual succession and a common seal and by that name may sue and be sued, plead and be impleaded, lease and hold real estate and personal property necessary to the purpose of said corporation.

Section 2. The corporate limits of said city shall hereafter be as follows:

Beginning at the edge of the Ohio River, said starting point being down the river 1190 feet from North corner of Cain House; thence by surveys as the magnetic needle now points, S. 34-3/4 E. 1552 feet to center of run above stone quarry; thence N. 73 E. 2770 feet; thence N. 17-1/3 E. 300 feet above turn in pike; thence N. 38 E. 433 feet near water trough; thence N. 31/1/4 E. 1600 feet; thence N. 21-3/4 E. 3182 feet to M. I. Creek; thence down the creek with the meanders thereof, N. 51 W. 452 feet; N. 57-1/2 W. 258 feet; N. 78 W. 177 feet; S. 88 W. 570 feet corner of county bridge; thence N. 85 W. 557 feet across B & O Right-of-Way; thence parallel with the same S. 25 W. 992 feet; S. 36-1/4 W. 1360 feet to old corporation line; thence N. 60-1/2 W. 222 feet; S. 31-1/2 W. 1553 feet; N. 84-1/2 W. 147 feet to river edge; thence with meanders of same, S. 19-1/2 W. 315 feet; S. 29 W. 975 feet; S. 42-1/2 W. 995 feet; S. 45 W. 227 feet; S. 47 W. 211 feet; S. 50 W. 307 feet to the place of beginning.

Section 3. The territory of said city is hereby divided into three wards, each of which is bounded and described as follows:

First Ward: All that part of the territory above described lying south of a line running from the thoroughfare with the center of Washington Street to the east line of said corporation line near what is known as the Horseshoe Bend, shall constitute the first ward.

Second Ward: All that part of said territory above described, included between the center of Washington Street and Sycamore Street of said city and extending from the thoroughfare and corporation line on the west to the east line of said corporation shall be and constitute the second ward.

Third Ward: All of the remainder of said territory lying north and east of the said Sycamore Street and up to Middle Island Creek, beginning with the line of said corporation at a point of intersection of said second ward, with the eastern and northern boundary thereof, and binding thereon with the line of said corporation back to its intersection at the end of said second ward, shall be and constitute the third ward of said city. Said three wards so formed as aforesaid, to be and remain as constituted and laid down until changed by the municipal authorities of said city as provided by law.

Section 4. The municipal authorities of said city shall consist of a mayor and two councilmen from each ward, six councilmen in all, until additional wards be added to said city, who together shall form the common council. The mayor to be elected bi-annually and held for the term of two years; and all councilmen, after the first election, shall be elected for the term of four years. At the first election one councilman shall be elected for two years and one for four years, to be so designated on the ballot, they to hold their office for and during the term for which they are elected and until their successors are elected and qualified. The mayor must be a bona fide free holder of said city, and the councilmen must be bona fide residents and free holders, or if not free holders, possessed of at least five hundred dollars worth of personal property at the time of their election. The mayor and councilmen to receive such compensation for their services as the council shall from time to time fix and determine; but, after the first election the council in being shall fix the salary and compensation for the incoming officers. And it is further provided that the mayor and councilmen of said city shall not be interested directly or indirectly in any contract for the furnishing of the city with supplies or other property, or to become party or privies to any contract, directly or

indirectly, whereby they can or may receive anything in money from said city, ther than the salary fixed and allowed by this charter. And the mayor and councilmen, or any one of them may be removed from office for malfeasance in office or for neglect or failure to discharge the duties imposed upon them by law, upon written charges preferred against them in the same manner and according to the same rule governing the removal of county and district officers. And the councilmen in being at the time of such removal or resignation of the mayor or any councilman shall fill the same by appointment until the next general election.

Section 5. All the corporate powers of said corporation shall be exercised by said council or under their authority, except when otherwise herein provided.

Section 6. The appointed officers of this municipality shall consist of a recorder, chief of police and his assistants, city collector, health officer, city attorney and city manager, all of whom are to be appointed by the council and hold their office during the pleasure of the council, subject to removal for causes.

Section 7. The city recorder shall be required to keep a record of all proceedings, including the minutes of all meetings of the council, which shall be kept, in a well-bound book and properly indexed, and shall also issue all orders for moneys on the treasury, which order must be countersigned by the mayor and city recorder; and such city recorder may be required to keep any other records or do such clerical work as pertain to the municipal government of said city, or that is required to be done under the direction and supervision of the city manager, and shall receive such monthly compensation by way of salary as shall be fixed by the council payable monthly. The city collector, shall before entering upon the duties of his office, give such bond as the council may require, payable to the City of St. Marys for the faithful receiving and accounting for all monies that may come into his or her hands, and shall collect all monies for taxes, licenses, water rent, or other levies and all taxes on dogs, and shall not pay out any monies, except on orders ordered by the council and countersigned by the recorder and mayor; and shall render quarterly statements to the council or finance committee of the status and amount of monies on hand, including all collections and disbursements for each three months during his or her incumbency in office; and he or she shall, at the end of their term of office account for and pay over all monies remaining in his or her hands and turn over all uncollected taxes, licences and bills of any kind whatsoever, to his or her successor in office; and a failure so to do shall not only hold her or him liable under their bond, but a willful neglect so to do shall be deemed a felony for which he or she may be prosecuted therefor.

The city health officer shall perform such duties as the council by ordinance may prescribe, in conjunction with the rules and regulations governing the health department of said city and as are prescribed by the State Board of Health, and he may be removed from office at any time for willful neglect of duty.

The city attorney shall do all the legal work required to be done by the council, pertaining to the affairs of said municipality, and shall advise the council at the regular or special meetings of the same and prosecute and defend all suits brought by the city or instituted against it; and shall advise the mayor and other officers in this municipality when so requested, and shall do and perform all other duties as may be required by the municipal government.

The said council may appoint a chief of police and such assistants as are necessary, and the mayor may in an emergency and at the time the council is not in session, appoint special police on extraordinary occasions, if deemed necessary, and said chief of police and police officers are subject to control absolutely of the mayor, except when the council is in session.

All the foregoing officers, namely, city collector, city health officer, city attorney, chief of police and police officers, shall receive such pay and compensation, either monthly or otherwise, or to the city collector a commission on receipt, as the council in regular session may fix and determine; they to be paid monthly thereof; subject to removal as aforesaid for cause by the council.

The council shall, at the beginning of their term, appoint some person qualified and efficient for that purpose, as city manager, who shall hold office at the pleasure of the council and have full charge and authority over all the municipal affairs of said city; except that pertaining to city recorder, city collector, health officer, city attorney and police officers, and shall have general supervision over the control, direction and management of the streets and alleys of said city and control the water works, and shall employ and install such person or persons as are competent and efficient to do and perform the work and control the laying of all pavements, side walks, and water lines; manage and control all connections for water to be made by persons, corporation or individuals so requiring water, to see that the water service is properly looked after and maintained, and to keep and to cause to have kept a record in a record in a book for that purpose, the names of all water consumers to whom the city furnishes water or sells the same, rendering to the city collector monthly accounts of all water so sold to consumers within the city or elsewhere, subject to ordinances to be enacted by the council. And shall see that the streets and alleys of said city are kept clean and in a sanitary condition, and to see that the owners of real estate do not encroach upon the city, nor permit anything obnoxious, unsanitary or otherwise, to be kept within the corporate limits which is a menace to the health or comfort of the citizens, subject nevertheless to sections 22-b; and shall cause all property owners to keep and maintain their property safe from fire; and in conjunction with the police of said city, shall inspect all buildings at such times and under such conditions as may be necessary as provided by this charter, or ordinances passed in pursuance thereof. Said city manager to do and perform such other duties as may be required of him or prescribed by proper orders or ordinances adopted and entered of record by the council, and shall receive such monthly compensation as may be fixed by the council and entered of record during his term of office, payable monthly, and he may be removed for cause.

Section 8. The first election shall be held hereunder on the second Tuesday in June, one thousand nine hundred and twenty-one, beginning on the said second Tuesday in June, one thousand nine hundred and twenty-one, and thereafter every two years. At each election there shall be elected a mayor for the term of two years; as hereinbefore provided, one councilman for two years in each ward, and one councilman for four years in each ward; and thereafter there shall be only one councilman elected in each ward, biennially for two years. The terms of all officers so elected on the second Tuesday in June, beginning with the second Tuesday of June 1921, and thereafter every two years, shall be on the first day of July following their election, and they shall hold until their successors are elected and qualified according to law.

Section 9. The elective officers under this charter shall be nominated by a non-partisan mass convention to be held at least twenty days before the regular election to be held for mayor and councilmen, at which convention at least one and not more than two persons shall be nominated for mayor; and after the first election held under this charter, at least one and not more than two persons shall be nominated for mayor; and after the first election held under this charter, at least one and not more than two persons shall be nominated for council, from each ward of said city. And municipal authorities of this city are hereby relieved from holding any primary election for the nomination of its elective officers, but the election to be held to be conducted under the Australian ballot system, now in force in this state, when this charter becomes effective.

Section 10. Every person residing in said city shall be entitled to vote for all officers elected under this act; but no person who is minor, or of unsound mind, or a pauper, or who is under conviction of treason, felony or bribery in an election, or who has not been a resident of this state for one year and of the city of St. Marys for sixty days, and is not a bona fide resident of the ward in which he or she offers to vote, shall be entitled to vote.

Section 11. Whenever two or more persons shall receive an equal number of votes for councilman or other officer, such tie shall be decided by the council in being.

Section 12. All contested elections shall be heard and decided by the common council for the time being; and the contest shall be made and conducted in the same manner as provided for in contests for county and district officers; and the common council shall conduct their proceedings in such cases as nearly as practicable in conformity with the proceedings of the county court in such cases.

Section 13. The mayor and council and all other officers provided for in this act, shall each, before entering upon the duties of their office, and within one week from the date of their election or appointment give the bond required from any officer by this charter, and take the oath prescribed by law for all officers of this state; and make oath that they will truly, faithfully and impartially, to the best of their ability, discharge the duties of their respective offices, so long as they continue therein. Said oath or affirmation may be taken before any person authorized to administer oaths, under the law now in force, or before the mayor or recorder of said city.

Section 14. If any person elected to any office under the provisions of this act, shall not be elegible to such office under the provisions of this act, or shall fail to qualify as herein required, the council for the time being shall declare his said office vacant and shall proceed to fill the vacancy as required by this act.

Section 15. The mayor shall be chief executive officer of the city, and shall take care that the orders, by-laws, ordinances, acts and resolutions of the council thereof are faithfully executed. He shall be ex-officio a justice and conservator of the peace within the city, and shall within the same have, posses and exercise all the power and perform all the duties vested by law in a justice of the peace; except, that he shall have no jurisdiction in civil causes of action arising out of the corporate limits of the city. Any warrant or other process issued by him may be executed at any place in the county; he shall have control of the police of the city; and may suspend any policeman for cause; and he may appoint special police officers whenever he deems it necessary; and

it shall be his duty especially to see that the peace and good order of the city are preserved, and that the persons and property therein are protected; and to this end he may cause the arrest and detention of all rioters and disorderly persons in the city before issuing his warrant therefor. He shall have the power to issue executions for all fines, penalties and costs imposed by him, or he may require the immediate payment thereof, and in default of such payment he may commit the party in fault to the jail of the corporation, if there be one, until the fine or penalty and costs shall be paid; but the term of imprisonment in such cases shall not exceed thirty days. And in all cases where a person is sentenced to imprisonment or to the payment of a fine of ten dollars or more, (and in no case shall judgment for a fine of less than ten dollars be given by the mayor if the defendant, his agent or attorney object thereto) such person shall be allowed an appeal from such decision to the circuit court of said Pleasants County, and upon the execution of an appeal bond with security deemed sufficient by the mayor, in penalty double the amount of the fine and costs imposed by the mayor with condition that the person proposing to appeal will perform and satisfy any judgment which may be rendered against him by the circuit court on such appeal. If such appeal be taken, the warrant of arrest (if there by any), the transcript of the judgment, the appeal bond and other papers of the case, shall be forthwith delivered by the mayor to the clerk of said court, and the court shall proceed to try the case as upon indictment or presentation, and render such judgment, including that of costs, as the law and the evidence may require; provided, that no judgment for costs shall be rendered in any such case against the city. The mayor shall from time to time, recommend to the council such measures as he may deem needful for the welfare of the city. The expenses of maintaining any person committed to the jail of the county by him, except it be to answer and indictment or be under the provision of section two hundred and twenty-seven and two hundred and twenty-eight of chapter fifty, of the amended code of this state, shall be paid by the city. But the mayor shall not receive any money belonging to the state or individuals unless he shall give the bond and security require of a justice of the peace by chapter fifty of the code; and all the provisions of said chapter relating to money received by justices shall apply as to like monies received by the mayor. The mayor shall pay all monies received by him for fines, or by virtue of his office belonging to the city, to the city collector, within one week after he received same.

Section 16. The presence of a majority of the council shall be necessary to make a quorum for the transaction of business.

Section 17. The council shall cause to be kept by the records in a well bound book to be called the "Minute Book," an accurate record of all its proceedings, ordinance, acts, orders and resolutions, and in another to be called the "Ordinance Book," an accurate copy of all general ordinances adopted by the council, both of which shall be fully indexed and open to the inspection of any one required to pay taxes to the city, or who may be otherwise interested. All oaths and bonds of officers in the city and all papers of the council shall be endorsed, filed and securely kept by the recorder. The bonds of officers shall be recorded in a well bound book to be called the "Record of Bonds." The recorder shall perform all such other duties as may by ordinance of the council be prescribed, and shall be ex-officio clerk of the police court. All printed copies of such ordinances purporting to be published under authority of the council, and transcript of such ordinances, acts, orders and resolutions, certified by the recorder, under the seal of the city, shall be deemed prima facie correct, when sought to be used in any court or before any justice.

Section 18. At each meeting of the council the proceedings of the last meeting shall be read and corrected, if erroneous, and signed by the presiding officer for the time being.

Section 19. The mayor shall have no vote on any question, except on a tie in council.

Section 20. The council shall, at the beginning of their term elect one of their members mayor pro tempore who shall be qualified to act as mayor in his absence; or in case of the death, resignation or removal of the mayor, and the said person so appointed pro tempore shall hold the office of mayor until the mayor shall have been appointed by the council to fill such vacancy for the unexpired term, and said mayor pro tempore in the absence of the mayor, shall be clothed with all power and authority conferred by this charter upon the mayor elect. In case of the absence, death or disability of the mayor, and mayor pro tempore, then council shall select a member of council to act as such.

Section 21. The meetings of the council shall be held at such place in said city, and at such times, as they shall from time to time ordain and appoint; but it shall be lawful for the council, by ordinance, to vest in any officer of said city, or in any member or number of members of their own body, the authority to call special meetings; and it shall, by ordinance, prescribe the code in which notice of such meeting shall be given; and no business shall be transacted unless a majority of all the members, of which it then consists, shall be present; except, that a less number may compel the attendance of absent members, under such reasonable penalties as they may think proper to impose, and all questions put, except in such matters as are herein provided for, shall be decided by a majority of the members present.

Section 22. The council of said city shall have power to lay off, vacate, close, open, alter, grade and keep in good repair, the roads, streets, alleys, pavements, sidewalks, crosswalks, drains and gutters therein, for the use of the citizens or of the public, and to improve and light the same, and to keep them free from obstruction of every kind; to regulate the width of the pavements and sidewalks, on the streets and alleys, and to order the pavements, sidewalks, footways, drains and gutters to be kept in good order, free and clean, by the owners or occupants of the real property next adjacent thereto; to establish and regulate markets, prescribe the time of holding the same, provide suitable and convenient buildings therefor, and to prevent the forestalling of such market; (to prevent injury or annoyance to the public, or the individual from anything dangerous, offensive or unwholesome); to prohibit or regulate slaughter houses, tan houses and soap factories, within the city limits, or the exercise of any unhealthful or offensive business, trade or employment; to abate all nuisances within the city limits, or to require and compel the abatement or removal thereof, at the expense of the person causing the same, or by or at the expense of the owner or occupant of the ground on which they are placed or found, subject nevertheless, to section 22-b; to cause to be filled up, raised or drained, by or at the expense of the owner, any city lot or tract of land covered or subject to be covered by stagnant water; to prevent horses, hogs, cattle or other animals, and fowls of all kinds, from going or being at large in such city, and as one means of prevention, to provide for impounding and confining such animals and fowls, and upon failure to reclaim for the sale thereof; to protect places of divine worship, and preserve order in and about the premises where and when such worship is held; to regulate the keeping of gun powder and other inflammable or dangerous substances, subject nevertheless to 32-a to 22-b

to provide for the regular building of houses or other structures, and for the making and maintaining of division fences by the owners of adjoining premises, and for the proper drainage of city lots or parcels of land, by or at the expense of the owner or occupant thereof; to provide against danger or damage by fire; to punish for assault and batteries; to prohibit the keeping or loitering in or visiting houses of ill-fame or loitering in saloons, or upon the streets; to prevent lewd or lascivious conduct; the sale or exhibition of indecent pictures or other representations; the desecration of the Sabbath day, profane swearing, the illegal sale of intoxicating liquors, mixtures and preparations, beer, ale, wine or drinks of like nature; to protect the persons of those residing or being within the said city; to appoint, when necessary, or advisable, a police force, permanent or temporary, to assist the chief of police in the discharge of his duties; to build or purchase, or lease and use a suitable place of imprisonment within or near said city, for the safekeeping or punishment of persons charged with or convicted of the violations of ordinances; to erect or authorize or prohibit the erection of gas, electric light or water works, within the city limits; to prevent injury of such works, or the pollution of any gas or water used or intended to be used by the public or individuals; to provide for and regulate the weighing or measuring of hay, coal, lumber and other articles sold or kept, or offered for sale, within said city, and to establish rates and charges for said weighing and measuring of hay, coal, lumber and other articles sold or kept, or offered for sale, within said city, and to regulate the running and speed of engines and cars within the said city; to create by ordinance such committees and boards, and delegate such authority thereto as may be deemed necessary or advisable; to provide for the annual assessments of the taxable property therein, including dogs kept in said city, and regulate their running at large, and to provide a revenue for the city for municipal purposes, and to appropriate such revenue to its expenses; and generally to take such measures as may be deemed necessary or advisable to protect the property, public and private, within the city; to preserve and maintain peace, quiet and good order therein, and to preserve and promote the health, safety, comfort and well being of the inhabitants thereof. The council shall have authority to pass all ordinances (not repugnant to the constitution and laws of the United States and of this state) which shall be necessary or proper to carry into full effect and power the authority, capacity and jurisdiction which is, or shall be granted or vested in the city or in the council, or in any officer or body of officers of said city, or to enforce any or all ordinances by reasonable fines and penalties, and by imprisoning the offender or offenders, and upon failure to pay any fine or penalty imposed, by compelling them to labor without compensation on any of the public works or improvements undertaken, or to be undertaken by the said city; or to labor at any work which the said city may lawfully employ labor upon, at such a rate per diem as the council may fix, but not a less rate than is fixed by said city council for like labor from other employees of said city, until any fines or fines imposed upon any such offender or offenders by said city shall have been fully paid and discharged, after deducting charges of support while in the custody of the officers of said city; and all ordinances relating to license and sale of spiritous liquors, malt liquors, or wines, and the keeping of or loitering or dwelling in houses of ill-fame; and such police regulations as may be ordained for said city, and the right and power to enforce the same shall extend one mile, in the state of West Virginia, beyond the corporate limits of the city; provided, however, that no fine shall be imposed exceeding one hundred dollars and that no person shall be imprisoned or compelled to labor, as aforesaid, more than thirty days for any one offense. And in all cases where a fine is imposed for an amount exceeding ten dollars, or a person be imprisoned or compelled to labor as aforesaid, for a term greater than ten days, an appeal may be taken from any such decision, upon the same terms and conditions that appeals

are taken from the judgment of a justice of the state, such fines and penalties shall be imposed and recovered and such imprisonment inflicted and enforced, by and under the judgment of the mayor of the city, or in case of his absence or inability to act, by the mayor pro tempore of said city, or if he be unable to act, then a member of the council, to be appointed by the council for that purpose. In addition to the powers above enumerated, the said city council shall have power to improve, amplify, expand, and maintain the water works of said city, and to provide for an adequate supply of pure, healthful water for said city, and to do all things necessary to adequately supply said city with pure, wholesome water, and provide contract for construction and maintain an adequate sewerage system for said city, provided, however, that no license, even if permitted by the authorities of this state, shall be granted by the council for said city for sale, offer or exposing for sale of any brandy, whiskey, rum, gin, wine, porter ale, or beer or any other spiritous, vinous or malt liquors or any intoxicating liquor, drink or mixture or preparation whatever within said city or within one mile of the corporate limits thereof, and the same is absolutely prohibited.

Section 22-a. The council shall have the power by ordinance to regulate the erection of buildings with said city, grant permission therefor, and prohibit the erection of any buildings or the material to be used therein, unless the same conforms to the ordinances hereafter enacted, that will conduce to the safety of the citizens of said municipality and the adjacent property owners; but nothing herein contained shall abridge or restrict the right of any property owner, lessee or tenant thereof from using his property for any legitimate business; subject to such rules and regulations as the council may prescribe by ordinance not repugnant to the constitution of this state, nor shall the council hereafter impose any unjust or unusual restriction or requirement nor pass any ordinance or ordinances abridging the rights of property owners from exercising and carrying on any legitimate business, unless the same is a menace to public safety, or deleterious to the lives or health of the residents of said city, or which is unsanitary and offensive to the people at large; nor permit any unsanitary or defective plumbing to be done or allow any defective, insufficient or dangerous electric plumbing to be installed or placed in any buildings or building in said city by any person, firm, or corporation, unless the same is done with proper and safe material and in a mechanical manner; and said plumbing, both sanitary and electrical, shall be subject to the inspection and condemnation of any engineer appointed by the council to inspect the same; and all work, sanitary, electric or other plumbing to be under the control of the council or its engineer to be regulated by proper ordinances. And it is further provided, that said council, through its city manager or competent engineer shall, at least every three months during the year, or oftener if necessary, inspect all buildings, houses and other structures within said city, and especially all public buildings, churches, school houses, theaters and places of amusements including movies and note the kind and quality of plumbing and heating arrangements, and the manner and places of exit to all theaters and places of amusement, including movies; and in all buildings above the second story that are used by the public to have proper means of exit and fire escapes if required. And council shall have power to enforce this section by proper ordinances.

Section 22-b. Provided, however, that no ordinance shall be enacted or passed by said city council, or any action taken by it, relative to the refining, manufacturing, storing or keep in storage of petroleum, oil and its by-products, within the said city limits; nor shall there be passed or enacted by said council any ordinance commonly known as smoke ordinance in said city, nor shall said council take any action in regard thereto under this charter, but all such matters shall be solely governed and controlled by general state law now in force and in effect, or that may hereafter be enacted.

Section 23. The council of said city is further granted the authority to issue licenses within said city for any legitimate purpose or business for which a state license is issued and granted, and is permitted to charge the same license fee therefor, pursuant to the provisions of chapter thirty-two of the code of West Virginia of one thousand nine hundred and eighteen, provided, the county court of Pleasants County shall have granted the same or the clerk of the county court of said county, acting in lieu of said court, granted the same; this shall include pool rooms, bowling alleys and billiard and pool tables; and the council expressly reserves the right and power to regulate the hours at which pool rooms and bowling alleys shall be kept open and maintained, and may for cause revoke the license, and also reserves the power to itself to limit the speed and manner in which automobiles, trucks and other vehicles, are used and operated in said city, over and across its roads, streets and alleys and fix such restrictions as to speed, size, etc., of such automobiles, trucks or other vehicles as will conduce to the safety, and comfort of the citizens of said municipality and the protection of persons traveling the streets, as well as the size of the motor vehcile or other cars transporting stuff over and across the streets and alleys of said city, which are exclusively kept up and maintained by the taxes and levies within the said municipality.

Section 24. A book, well bound and indexed, to be denominated the "Docket" shall be kept in the office of the mayor, in which shall be noted each case brought before or tried by him, together with the proceedings therein, including a statement of the complaint, the summons, the return, the facts of appearance or non-appearance, the defense, the hearing, the judgment, the costs, and in case the judgment be one of conviction, the action taken to enforce the same. The record of each case shall be signed by the mayor and the original papers thereof, if no appeal be taken, shall be kept together and preserved in his office, and the mayor shall deliver to his successors the docket and all books and papers pertaining to his office. The mayor or mayor pro tempore shall act as a police judge and try all offenders brought before him or hear and make all entries in the docket and have the same power and jurisdiction as justice of the peace, and shall enforce criminal ordinances in force, or that may be passed in pursuance to this charter, and see that the same are enforced rigidly, to the end that the peace and good order of the city is observed; and any willful neglect of duty on the part of the mayor or mayor pro tempore will render him liable to be suspended from office by the council and removed therefrom, on ten days notice upon written charges preferred against him.

Section 25. The council shall cause to be made up annually and spread upon its minute book, an accurate estimate of all sums which are, or may be, lawfully chargeable against the city, and which ought to be paid within one year; and it shall order a levy of so much as will, in its judgment, be necessary, to pay the same. Such levy shall be upon all real property and personal property subject to state and county taxes therein including a poll tax of not more than fifty cents upon each citizen resident of said corporation over twenty-one years of age; provided, that such levy shall not exceed thirty-five cents on every one hundred dollars of the ascertained value of such property. At least once in each year the council shall cause to be made up and published in one or more newspapers of the city, a statement of the revenue received from the different sources, and of the expenditures upon the different accounts for the preceding year, or portion of the year, as the case may be.

And there shall be levied a tax of one dollar on all male dogs within the corporate limits, and not to exceed five dollars on each female dog; a list of which dogs shall be furnished by the police officers to the recorder of said city, to be by him or her transmitted to the assessor of Pleasants County, not

later than the thirtieth day of June of each year; and a failure on the part of any police officer to make any such report and return, upon complaint being lodged with the council, shall be sufficient cause for his removal from office. And it is further provided that said dog tax shall be collected by the city collector and if the person owning such dog declines and refuses to pay the same, the city collector shall report the same to the police officers, whose duty it shall be to kill such dog forthwith.

Section 26. The council, upon the return of the assessor, shall cause the said assessor's books to be correctly copied by the recorder into well bound books to be provided for the purpose, and the taxes extended in each book, one of which shall be delivered to the city collector, taking his receipt therefor, as well as for the taxes therein contained.

Section 27. Annual levy by municipal council. At its session held on the second Tuesday, in August, as aforesaid, the common council of every municipal corporation shall ascertain the condition of the fiscal affairs thereof, and make up an itemized statement of the same, which shall set forth in detail:

(a) The amount due the municipality, and the amount that will become due thereto and collectable during the current fiscal year, from every source, but excepting the amount that will be produced by levy of taxes to be made for the year.

(b) The debts and demands owned by the municipality, and the debts and demands that will become due and payable during the current fiscal year, including interest on any indebtedness, funded or bonded or otherwise.

(c) All other expenditures, under the several heads of expenditures, to be made and payable out of the funds of the municipality for the current fiscal year, including the cost of collecting of taxes and other claims, with proper allowances for delinquent taxes and contingencies. Said statement shall also set forth the total amount necessary to be raised by the levy of taxes for the current fiscal year; and the proposed rate of levy of taxes on the property of the municipality; and also the aggregate of the property of the municipality; also the aggregate of the taxable property in the municipality, stating separately the amount of personal property, of real estate, and the property assessed by the board of public works. A copy of such statement duly certified by the clerk, recorder or other recording officer of such municipality, shall be published as provided in sections one and two of chapter twenty-eight-a, Barnes Code, of West Virginia, one thousand nine hundred and sixteen; and posted at each voting place in the municipality at least eight days before an adjourned meeting of the common council to be held on the fourth Tuesday in August; at which time the council shall reconvene and proceed in all respects as provided in sections one and two, chapter twenty-eight-a, Barnes Code, West Virginia, 1916. After having entered the said statement, as finally approved, in its book of record of proceedings, the council shall thereupon levy as many cents on each one hundred dollars of the assessed valuation of the property of the municipality, according to the last assessment thereof, as will produce the amount shown by the said statement necessary to be raised for municipal purposes during the fiscal year; provided, that such levy shall not exceed thirty-five cents on each one hundred dollars of said valuation for any year, anything in this charter to the contrary, notwithstanding.

Section 28. And the council of said city is hereby empowered and authorized at any time that the necessity thereunder arises, or the condition of the

municipal affairs are such that a special levy should be required for any purposes, the power is hereby granted to the said council of the said city of St. Marys, to make such further or additional levies in the manner prescribed by sections five, six, seven and eight of chapter twenty-eight-a, of the code of West Virginia, one thousand nine hundred and sixteen; and said sections five, six, seven and eight are made part and parcel of this charter and held and treated the same as if fully copied herein, and the council of said city is hereby empowered and authorized at any time that the legislature of West Virginia shall amend or change said sections five, six, seven and eight of chapter twenty-eight-a, to make such amendments conformable to this charter.

Section 29. And section nine of chapter, twenty-eight-a, Barnes Code of West Virginia, one thousand nine hundred and sixteen concerning unlawful expenditures, indebtedness and liability, is made a part and parcel of this chapter.

Section 30. There shall be a lien on personal property and real estate within said city or the city taxes assessed thereon, and for all fines and penalties assessed or imposed upon the owners thereof by the authorities of such city from the time the same are so assessed or imposed, which shall have priority over all other liens, except the lien for taxes due the state and county; and which may be enforced by the council in the same manner provided by law for the enforcement of the lien for county taxes. If any real estate within said city be returned delinquent for the non-payment of taxes due thereon, a copy of such delinquent list may be certified by the council to the auditor, and the same may be sold for city taxes, interest and commissions thereon, in the same manner, at the same time and by the same officers as real estate is sold for state taxes.

Section 31. It shall be the duty of the council of said city, to at the first regular meeting in such year, appoint three persons, residents of said city, to act in the capacity of trustees of the sinking fund accrued from any and all special levies made and collected, for the purpose of paying the interest and principal upon the bonded indebtedness of said city; and it shall be the duty of said trustees to take charge of and invest said sinking fund in safe securities at their discretion and such manner as to yield to the said City of St. Marys the best interest thereon that said trustees for the benefit of said city, and paid over by them at the time of making their settlement to such person or persons as the council may direct before entering upon their duties as trustees of said sinking fund, said three trustees so appointed shall execute and file with the recorder of said city, a bond in a sum to be fixed by the council, sufficient to cover and secure all monies coming into their hands by reason of their said office; which bond shall be executed by them, together with good personal security to be approved by the council. Said trustees of the sinking fund shall, make and file with the council a full and complete statement once each year, or as often as the council may deem necessary and require, and said trustees shall make a full and complete settlement and pay over all monies in their hands as such trustees, whenever required by the council so to do.

Section 32. All bonds, obligations or other writings, taken in pursuance of any provision of this act, shall be made payable to "The City of St. Marys", and the respective person and their heirs, executors, administrators and assigns bound thereby, shall be subject to the same proceedings on the said bond, obligation and other writing, for enforcing the condition of the terms thereof, by motion or otherwise, before any court of competent jurisdiction in any for the county of Pleasants, that collectors of county levies and other sureties are, or shall be subject to, on their bonds for enforcing the payment of the county levies.

Section 33. The council shall have the right to institute proceedings in the same name of the city, for the condemnation of real estate for streets, alleys, drains, market grounds, city prisons or other work or purpose of public utility. Such proceedings shall conform to the provisions of chapter forty-two of the code of West Virginia, and the expense thereof shall be borne by the city.

Section 34. All acts or parts of acts, inconsistent with this act, are hereby repealed; but this act shall not be construed to repeal, change or modify any previous act consistent with this act, authorizing the town of St. Marys to contract debts or to borrow money, or to take away any of the powers conferred upon said town of St. Marys, or upon the mayor or council, or any of the officers, conferred by general law, except so far as the same are consistent with the powers hereby conferred; and the city of St. Marys, hereby created, shall be held in all things to be legal successor to the town of St. Marys, heretofore existing, and all legal obligations of said town shall be valid and binding upon the city of St. Marys.

Section 35. It is made part and parcel of this charter that all indebtedness heretofore contracted either by bond issue or issues, or the issue of orders, or evidence of indebtedness of any kind against the city of St. Marys, or the former town of St. Marys, shall on no wise be effected by the adoption of this charter; but the city council is authorized and empowered, and it is made a condition precedent that said municipality shall provide for and take care of said indebtedness in the manner provided by law, and said city through its municipal authorities are authorized and empowered by proper ordinances entered of record and election held therefor, if necessary, and ratified by a three-fifths of the voters of said municipality, at an election to be held for that purpose, to fund its bonded and other indebtedness at a rate of interest, not exceeding six per cent, to run for a period of not longer than thirty-four years, and said council is given the right and privilege hereunder of all powers conferred to cities and towns in this state by chapter forty-seven of Barnes Code of West Virginia, one thousand nine hundred and sixteen, governing cities and towns; and especially that part of said chapter, sections forty-nine-b one, forty-nine-b-two, forty-nine-b-three, forty-nine-b-four, forty-nine-b-five, forty-nine-b-six, forty-nine-b-seven, forty-nine-b-eight, forty-nine-b-nine, forty-nine-b-ten, forty-nine-b-eleven.

A. - Also, forty-nine-one-c, forty-nine-two-c, forty-nine-three-c, forty-nine-four-c, down to and including forty-nine-o.

Which act of said code of one thousand nine hundred and sixteen, chapter forty-seven, aforesaid, are made a part and parcel of the organic law of this city.

Section 36. It is hereby expressly provided that immediately after the passage of this act and the approval by the governor of this state, or its approval, by reason of his failure to sign the same, the present council and municipality of the city of St. Marys in being, shall cause a charter election to be held at three public places in the wards designated herein, numbers one, two and three, at such time and place and on a day to be named therein, under the general rules and regulations for the governing and controlling of general elections in this state and which election shall be held after two weeks notice is given of the time and place of said election and the ballots shall have printed thereon, "For the amended charter of the city of St. Marys", and "Against the amended charter of the city of St. Marys". And if, on the vote being canvassed and certified, within five days thereafter, a majority of all

the voters shall have voted in the affirmative, then said charter, so amended, shall from thence on be in full force and effect, and shall be the organic law governing said municipality, but if a majority of the votes cast at said election are found to be against said ratification, then said proposed charter will not have been adopted and the present charter now in being will continue in force and effect as it now is.

Section 37. In case said charter is adopted, at said charter election, held as aforesaid, then all acts and parts of acts inconsistent with this proposed charter, shall be deemed to have been repealed, and are, hereby repealed.

Section 38. The mayor and council in being and all elective officers of the city of St. Marys, in office at the time of the passage of this act, shall hold their respective offices and exercise all the powers and discharge all the duties thereof until their successors are elected and qualified; and shall exercise the powers, perform the duties, and receive the compensation heretofore conferred, prescribed and allowed by the form charter, by general law or by the ordinances of the said town, while they remain in office under the provisions of this act.

All ordinances in force in the city of St. Marys, at the time of the passage of this charter and the taking effect of the same, shall continue to have full operation and effect as ordinances of the city of St. Marys until amended, repealed, or suspended by the council of said city, except such thereof as are inconsistent with the provisions of this act.

Section 39. The said city council shall have full power and authority to change and enlarge the corporate limits of said city in manner and in form, and under the provisions provided by section forty-eight and forty-nine chapter forty-seven of the Barnes Code of West Virginia, edition of 1916.

AN ORDINANCE PROVIDING FOR AMENDMENT OF SECTIONS 4, 8, 9, and 10 OF THE CITY CHARTER OF ST. MARYS AND CALLING AN ELECTION FOR SUCH PURPOSE

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ST. MARYS

That Section 4 of the City Charter of the City of St. Marys, West Virginia, be amended by deleting the second sentence of Section 4 and inserting in lieu thereof, the following:

Section 4. The Mayor shall be elected for the term of four years; and all councilmen, after the first election, shall be elected for the term of four years.

That Section 4 of the City Charter be amended by adding to the fourth sentence of Section 4 the following:

Section 4. and all must be bona fide residents of said City for at least one year preceding the time F their election.

That Section 8 of the City Charter be amended by deleting all of Section 8 and inserting in lieu thereof, the following:

Section 8. Candidates to be voted for at any general municipal election in the City of St. Marys, at which a Mayor and three councilmen are to be elected under the provisions hereof, shall be named at a primary election, and the two candidates receiving the highest number of votes for Mayor are to be the candidates and the only candidates to be voted upon at the General Election. The two candidates in each ward receiving the highest number of votes at said Primary Election are to be the candidates and the only candidates to be voted upon at the General Election. The Primary Election shall be held on the second Tuesday in May, One Thousand Nine Hundred and Sixty-Nine, and thereafter every two years. The General Election shall be held on the second Tuesday in June, One Thousand Nine Hundred and Sixty-Nine, and thereafter every two years. The terms of all officers so elected on the second Tuesday in June shall be on the first day of July following their election, and they shall hold the same until their successors are elected and qualified according to law.

That Section 9 of said Charter be amended by deleting all of Section 9 and inserting in lieu thereof, the following:

Section 9. Any person desiring to become a candidate for Mayor or Councilman shall, on or before the 15th day of April prior to the Primary Election, file with the City Recorder a statement of said candidacy, with a filing fee charge of Five Dollars ($5.00).

That Section 10 of said Charter be amended by deleting the language "sixty days" from the fifth line thereof and inserting in lieu thereof the language "One Year".

AN ORDINANCE CHANGING THE CHARTER OF THE CITY OF ST. MARYS AND APPOINTING A "POLICE COURT JUDGE", THE FIXING HIS COMPENSATION AND DUTIES FOR SAID CITY.

WHEREAS, the Charter of the City of St. Marys, West Virginia, provides in Section 15 of said Charter as follows:

> The mayor shall be chief executive officer of the city, and shall take care that the orders, by-laws, ordinances, acts and resolutions of the council thereof are faithfully executed. He shall be ex-officio a justice and conservator of the peace within the city, and shall within the same have, possess and exercise all the power and perform all the duties vested by law in a justice of the peace; except, that he shall have no jurisdiction in civil causes of action arising out of the corporate limits of the city. Any warrant or other process issued by him may be executed any place in the county. He shall have control of the police of the city; and may suspend any policeman for cause; and he may appoint special police officers whenever he deems it necessary; and it shall be his duty especially to see that the peace and good order of the city are preserved, and that the persons and property therein are protected; and to this end he may cause the arrest and detention of all rioters and disorderly persons in the city before issuing his warrant therefor.
>
> He shall have the power to issue executions for all fines, penalties and costs imposed by him, or he may require the immediate payment thereof, and in default of such payment he may commit the party in default to the jail of the corporation, if there be one, until the fine or penalty and costs shall be paid; but the term of imprisonment in such cases shall not exceed thirty days. And in all cases where a person is sentenced to imprisonment or to the payment of a fine of ten dollars or more, (and in no case shall judgment for a fine of less than ten dollars be given by the mayor if the defendant, his agent or attorney object thereto) such person shall be allowed an appeal from such decision to the Circuit Court of said Pleasants County, and upon the execution of an appeal bond with security deemed sufficient by the mayor, in penalty double the amount of the fine and costs imposed by the mayor with condition that the person proposing to appeal will perform and satisfy any judgment which may be rendered against him by the Circuit Court on such appeal. If such appeal be taken, the warrant of arrest (if there by any), the transcript of the judgment, the appeal bond and other papers of the case, shall be forthwith delivered by the mayor to the clerk of said court, and the court shall proceed to try the case as upon indictment or presentation, and render such judgment, including that of costs, as the law and the evidence may require; provided, that no judgment for costs shall be rendered in any such case against the City.
>
> The mayor shall from time to time, recommend to the council such measures as he may deem needful for the welfare of the City. The expenses of maintaining any person committed to the jail of the county by him, except it be to answer an indictment or be under the provision of section two hundred and twenty-seven and two hundred and twenty-eight of chapter

fifty, of the amended code of this state, shall be paid by the City. But the mayor shall not receive any money belonging to the state or individuals unless he shall give the bond and security required by chapter fifty of the code of a justice of the peace; and all the provisions of said chapter relating to money received by justices shall apply as to like moneys received by the mayor. The mayor shall pay all moneys received by him for fines, or by virtue of his office belonging to the City, to the city collector, within one week after he received same.

WHEREAS, said charter provisions as relating to the powers and duties of Police Judge for said City are in conflict with and have been changed by Chapter 8, Article 10, Section 2, of the Code of West Virginia, and

WHEREAS, it is the desire of Council to adopt the provisions of Chapter 8, Article 10, Section 2 of the Code of West Virginia, to the extent hereinafter set forth and thereby to amend Section 15 of the Charter of said City of St. Marys.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, That the provisions in conformity with Chapter 8, Article 10, Section 2, of the Code of West Virginia, be adopted and made a part of the Charter of this municipality as follows:

Section 15. Duties and Power of Mayor.

The mayor shall be chief executive officer of the city, and shall take care that the orders, by-laws, ordinances, acts and resolutions of the council thereof are faithfully executed. He shall have control of the police of the city; and may suspend any policeman for cause; and he may appoint special police officers whenever he deems it necessary; and it shall be his duty especially to see that the peace and good order of the city are preserved, and that the persons and property therein are protected. The mayor shall from time to time, recommend to the council such measures as he may deem needful for the welfare of the City.

Section 15(a). Appointment of Police Court Judge; Duties Generally.

The municipality of St. Marys, West Virginia, having a population in excess of two thousand (2,000) people, does hereby provide for the appointment by the Common Council by a majority thereof, an Officer or person to be known as "Police Court Judge", who shall be a person of good moral character and reputation, a law abiding citizen, a person who has not been convicted of a

felony or of any scandalous crime and a resident and freeholder of the municipality for at least one year preceding the time of his appointment, and his compensation shall be determined in the same manner as all appointed officials of the municipality, and the duties of such Police Court Judge are as hereinafter set forth:

> The Police Court Judge shall be ex-officio a justice and conservator of the peace within the city, and shall, within the same, have and exercise all of the powers, both civil and criminal, and perform all duties vested by law in a justice of the peace or magistrate, except that he shall have no jurisdiction in civil cases or causes of action arising out of the corporate limits of the city. He shall have the same power to issue attachments in civil suits as a justice or magistrate of his county has, though the cause of action arose out of his city. However, in such case he shall have no power to try the same but such attachments shall be returnable and be heard before some justice or magistrate of his county. Upon complaint he shall have authority to issue a search warrant in connection with the violation of a municipal ordinance. Any search warrant, warrant of arrest or other process issued by him may be directed to the Chief of Police or any member of the police department of the city, and the same may be executed at any place within the county or counties in which the city is situated; and it shall be his duty especially to see that the peace and good order of the town are preserved, and that persons and property therein are protected; and to this end he may cause the arrest and detention of all riotous and disorderly persons in the city before issuing his warrant therefor. He shall have the power to issue executions for all fines, penalties and costs imposed by him, or he may require the immediate payment thereof, and in default of such payment, he may commit the party in default to the jail of the county or counties in which such city is situated, or other place of imprisonment in such corporation, if there be one, until the fine or penalty and costs shall be paid; but the term of imprisonment in such case shall not exceed thirty days. In all cases where a person is sentenced to imprisonment or to the payment of a fine of Ten Dollars or more, and in no case shall a judgment for a fine of less than Ten Dollars be given by the Police Court Judge if the defendant, his agent or attorney object thereto, such person shall be allowed an appeal from such decision to the Circuit Court of Pleasants County, West Virginia, and upon the execution of an appeal bond with security deemed sufficient by the Police Court Judge, in penalty double the amount of the fine and costs imposed by the Police Court Judge with condition that the person proposing to appeal will perform and satisfy any judgment which may be rendered against him by the Circuit Court on such appeal. If such appeal be taken, the warrant of arrest (if there be any), the transcript of the judgment, the appeal bond and other papers of the case, shall be forthwith delivered by the Police Court Judge to the clerk of said court, and the court shall proceed to try the case as upon indictment or presentation, and render such judgment, including that of costs, as the law and the evidence may require; provided, that no judgment for costs shall be rendered in any such case against the City.

When the penalty authorized by law is a fine exceeding Five Dollars, or imprisonment, the accused shall be entitled to a trial by twelve jurors, or a less number, if demanded, under the regulations respecting such trials in civil suits before justices or magistrates, as provided under the provisions of Chapter 50 of the Code of West Virginia. He shall from time to time, recommend to the Council such measures as he may deem needful for the welfare of the city. The expense of maintaining any person committed to the jail of the county by him, except it be to answer an indictment, or be under the provisions of Section 8 and 9, Article 18, Chapter 50 of the Code of West Virginia, shall be paid by the City and taxed as part of the costs of the proceeding. But such Police Court Judge shall not receive any money belonging to the State or to individuals unless he shall give bond and security required of a justice of the peace or magistrate as set forth in Chapter 50, Article 1 of the Code of West Virginia; and all the provisions of Article 1, Chapter 50 relating to moneys received by justices or magistrates shall apply to like moneys received by such Police Court Judge. The Police Court Judge shall pay all moneys received by him for fines, or by virtue of his office belonging to the City, to the city collector, within one week after he received same. Such Police Court Judge shall have all the similar powers and duties enumerated in the respective applicable charter provisions of the Code of West Virginia.

You are further notified that on the 17th day of April, 1976, one written objection was filed to object to the adoption of the proposed amendments. You are further advised that on the 27th day of April, 1976, the Council of the City of St. Marys unanimously approved the proposed amendments and agreed to submit the proposed amendments to the voters for ratification or rejection at a special election to be held on the 11th day of May, 1976, between the hours of 6:30 a.m. and 7:30 p.m. o'clock.

This notice is given in compliance with Chapter 8, Article 4, Section 8 of the West Virginia Code.

That notice calling such election shall be given by publication of this ordinance at least once each week for two successive weeks before said election in the Pleasants County Leader and the St. Marys Oracle, two newspapers of opposite politics, and of general circulation, published in said municipality. Attested copies of this ordinance shall also be posted at each place of voting at least ten (10) days before said election. All provisions of law concerning general elections shall apply so far as they are practicable.

It is further ordered that the voting places for said election shall be as follows:

First Ward	Court House
Second Ward	The St. Marys Grade School
Third Ward	The High School Building

It is further directed that the persons who are hereafter designated as election officials who are to hold and conduct the primary election to be held on Tuesday, May 11, 1976, are also designated as election officials to hold and conduct the aforesaid special City Election and will perform the duties in such dual capacities.

It is further ordered that the recorder of the City do procure and furnish the necessary supplies for the holding of said special election at the aforesaid voting precincts in accordance with law; that he do cause to be posted at each said voting places an attested copy of this order at least ten days before said special election; that he do notify the aforementioned Commissioners and Clerks of their appointments as election officials for such special election.

That the ballot to be used at such election shall be in form as follows:

OFFICIAL BALLOT

Special election to authorize change to the Charter of the City of St. Marys, West Virginia, establishing a municipal police court judge, according to the order of Council of the City of St. Marys, West Virginia, entered on the 27th day of April, 1976.

( ) FOR THE CHARTER CHANGE ESTABLISHING A MUNICIPAL POLICE COURT JUDGE

( ) AGAINST THE CHARTER CHANGE ESTABLISHING A MUNICIPAL POLICE COURT JUDGE

INSTRUCTIONS: Those favoring a Charter change will place an (x) in the square "For the Charter Change Establishing a Municipal Police Court Judge"; those against the charter change will place an (x) in the square "Against the Charter Change Establishing a Municipal Police Court Judge".

AN ORDINANCE ESTABLISHING A MUNICIPAL COURT AND PROVIDING FOR A MUNICIPAL POLICE COURT JUDGE: POWERS AND DUTIES GENERALLY; APPEAL.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF ST. MARYS, in the County of Pleasants and State of West Virginia, in regular session assembled this 6th day of July, 1976, THAT

Section 1. Municipal Court.

There is hereby created a municipal court for the City of St. Marys, which shall be presided over by a municipal police court judge.

Section 2. Municipal Police Court Judge, Appointment, Qualification, Compensation, Oath and Bond.

There shall be a municipal police court judge who shall be appointed by the Council, who shall hold his office at the pleasure of the Council, and who shall receive such compensation as may be fixed by Council. The person so appointed as municipal police court judge shall be a person of good moral character and reputation, a law abiding citizen, a person who has not been convicted of a felony or of any scandalous crime and a resident of and freeholder of the municipality for at least one (1) year next preceding the time of his appointment. The person so appointed as municipal police court judge shall qualify by taking the oath of office as such and shall give bond in the amount fixed by Council, under which bond he shall be responsible for all funds coming into his hands by virtue of such appointment.

Section 3. Powers and Duties of Municipal Police Court Judge.

The municipal police court judge shall be a conservator of the peace within the City, and insofar as any ordinance of the City is concerned, shall have and exercise all such powers and duties in criminal cases as a magistrate may lawfully exercise under the statutes of the State, and he shall also be ex-officio a magistrate within the City, and shall, within said City, have and exercise all of the criminal powers and perform all duties fixed by law in a magistrate, except that he shall have no jurisdiction in civil cases, and shall have such further powers and perform such other duties as may be from time to time prescribed or conferred by any law of the State or by ordinance of the City of St. Marys.

Section 4. Docket, Disposition of Fees, Fines and Costs.

There shall be a docket of the municipal court and it shall be the duty of the municipal police court judge to docket fully thereon all cases in the court, and show thereon all fees, fines, and costs adjudged and collected. The municipal police court judge shall, at least once a month, make a written report to the City Clerk of the City showing all receipts for the previous month and shall pay over and deliver to said City Clerk all such monies so received and to which the City is entitled, which monies shall be deposited in the City General Fund. Each such report shall be presented to the County at its next regular meeting.

Section 5. Costs.

The City shall be entitled to, and the municipal police court judge may tax, in all cases appearing before him involving violations of City ordinances, the same costs and in the same amounts as a magistrate may tax.

Section 6. Issuance of Search Warrants, Direction and Service of Process.

Upon complaint, the municipal police court judge shall have authority to issue a search warrant in connection with the violation of any provision of state law or ordinance of the City. Any search warrant, warrant of arrest or other process issued by the municipal police court judge may be directed to the Chief of Police or any member of the police department of the City and may be executed at any place within the county.

Section 7. Appeal.

Every person sentenced by the municipal police court judge of the municipal court to imprisonment or to the payment of a fine of Ten Dollars ($10.00) or more, and in no case shall a fine of less than Ten Dollars ($10.00) be imposed if the defendant, his agent or attorney objects thereto, shall be allowed an appeal to the Circuit Court of Pleasants County; the procedure upon appeal from the municipal court shall be the same as an appeal from a magistrate's court.

Section 8. Acting Municipal Police Court Judge.

In the event of the temporary absence of the municipal police court judge from his duties, the Mayor shall appoint a person similarly qualified to serve as municipal police court judge during such absence without the necessity of Council approval. The compensation of the temporary police court judge shall be determined by council.

Section 9.

Should any part of this Ordinance be declared invalid, it shall not affect the remainder of this Ordinance.

Section 10.

This Ordinance shall take effect on the 6th day of July, 1976.

AN ORDINANCE CHANGING THE CHARTER OF THE CITY OF ST. MARYS AND CREATING NEW BOUNDARIES FOR THE FIRST, SECOND AND THIRD WARDS

WHEREAS, the Charter of the City of St. Marys, West Virginia, provides in Section 3 of said Charter as follows:

> Section 3. The territory of said city is hereby divided into three wards, each of which is bounded and described as follows:
>
> First Ward: All that part of the territory above described lying south of a line running from the thoroughfare with the center of Washington Street to the east line of said corporation line near what is known as the Horseshoe Bend, shall constitute the first ward.
>
> Second Ward: All that part of said territory above described, included between the center of Washington Street and Sycamore Street of said city and extending from the thoroughfare and corporation line on the west to the east line of said corporation shall be and constitute the second ward.
>
> Third Ward: All of the remainder of said territory lying north and east of the said Sycamore Street and up to Middle Island Creek, beginning with the line of said corporation at a point of intersection of said second ward, with the eastern and northern boundary thereof, and binding thereon with the line of said corporation back to its intersection at the end of said second ward, shall be and constitute the third ward of said city. Said three wards so formed as aforesaid, to be and remain as constituted and laid down until changed by the municipal authorities of said city as provided by law.

WHEREAS, said Charter provisions as relating to the boundaries of the said wards have resulted in great disparity in the size of populuation of each ward;

WHEREAS, it is the desire of Council to create new

W.J. Diane 13.59

boundaries for such wards in order to make the population of each Ward more equal;

WHEREAS, a Notice was published in the St. Marys Oracle and the Pleasants County Leader giving the voters of the City of St. Marys until April 1, 1986, to file objection to the proposed Ordinance;

AND WHEREAS, no objections were filed to the proposed Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, That the following be adopted and made a part of the Charter of this municipality:

> Section 3. The territory of said city is hereby divided into three wards, each of which is bounded and described as follows:
>
> First Ward: All that part of the City of St. Marys lying south of a line running from the thoroughfare with the center of Gallaher Street to the east line of said corporation line shall constitute the first ward.
>
> Second Ward: All that part of the City of St. Marys north of the center of Gallaher Street to a line running along the center of Charles Street; thence north along the center of Elaine Street to the northern boundary of Oakwood Terrace Addition and running along the northern boundary of lots No. 64, 70, 75, 76, 84 and 90 of said Oakwood Terrace Addition as shown on that certain plat of record in the Office of the Clerk of the County Commission of Pleasants County, West Virginia, in Plat Book No. 1, at page 158, shall constitute the second ward.
>
> Third Ward: All of the remainder of the City of St. Marys lying north of a line running along the center of Charles Street; thence north along the center of Elaine Street to the northern boundary of the Oakwood Terrace Addition to the City of St. Marys; thence along the northern boundary of Lots No. 64,

70, 75, 76, 84 and 90 of said Oakwood Terrace Addition shall constitute the third ward.

Said three wards as so formed shall remain as constituted and laid down until changed by the municipal authorities of said City as provided by law.

Arthur G. Olds, Mayor

First Reading: April 1, 1986

Second Reading: April 15, 1986

AN ORDINANCE TO AMEND SECTIONS 8 AND 9 OF THE CITY OF ST. MARYS CHARTER IN MANNER FOLLOWING, TO-WIT: TO AMEND SAID SECTION 8 SO AS TO ABOLISH THE MUNICIPAL PRIMARY ELECTION HELD ON THE SECOND TUESDAY IN MAY IMMEDIATELY PRECEDING EACH GENERAL MUNICIPAL ELECTION, AND TO PROVIDE FOR A REGULAR MUNICIPAL ELECTION TO BE HELD ON THE SECOND TUESDAY IN JUNE, 1989, AND BIENNIALLY THEREAFTER ON THE SECOND TUESDAY IN JUNE, TO PROVIDE THAT THE ELECTION OF MAYOR AND COUNCILMAN SHALL BE OF NONPARTISAN NATURE, THAT NO DECLARATION OF POLITICAL AFFILIATION SHALL BE REQUIRED FROM ANY CANDIDATE FOR THE MUNICIPAL ELECTIVE OFFICES OF MAYOR AND COUNCILMAN ANTECEDENT TO HIS OR HER CANDIDACY THEREFOR, TO PROVIDE FOR THE ELECTION OF THAT CANDIDATE RECEIVING THE HIGHEST NUMBER OF VOTES CAST FOR A PARTICULAR OFFICE, TO PROVIDE FOR THE TERMS OF OFFICE AND TO PROVIDE FOR THE CONDUCT OF SUCH ELECTIONS IN MANNER SUCH AS ARE CONDUCTED GENERAL NONPARTISAN ELECTIONS IN THE STATE OF WEST VIRGINIA; TO PROVIDE FOR THE AMENDMENT OF SAID SECTION 9 SO AS TO PROVIDE FOR THE FILING OF A CERTIFICATE OF ANNOUNCEMENT OF CANDIDACY FOR ELECTIVE OFFICE, IN MANNER AND FORM AS SET FORTH, WITH THE RECORDER AND THE PAYMENT OF A FILING FEE.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA:

That Section 8 of The City of St. Marys Charter be amended by deleting all of Section 8 and inserting in lieu thereof, the following, to-wit:

Section 8. a) The regular municipal election to be held in the year one thousand nine hundred eighty-nine (1989), and biennially thereafter shall be held on the second Tuesday in June, but upon a nonpartisan ballot printed for the purpose. In the regular municipal election to be held on the 2nd Tuesday in June, 1989, and biennially thereafter, the candidate for any municipal elective office who has filed his candidacy therefore in accordance with Section 9 hereof, and who shall have received the highest number of votes cast for such office, shall be, and shall be declared to be, elected to such office.

b) It is declared to be the intent hereof that any person declared to be elected shall take office, even though he or she or they may not have received a majority or plurality of all votes cast for such office at such election.

c) The terms of all officers so elected on the second Tuesday in June shall commence on the first day of July following their election, and they shall hold the same until

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WASHINGTON STREET
P. O. BOX 176
ARYS, WV 26170-0176
304-684-2219

their successors are elected and qualified according to law.

d) Regular municipal elections shall be held on the second Tuesday in June of alternate years commencing as hereinabove provided and conducted in all respects as provided by law for conducting general nonpartisan elections in the State of West Virginia. The Common Council shall perform all of the duties in regard to the election which are imposed upon a county commission in conducting a general election in the State, and the Recorder shall perform all of the duties which are imposed upon the clerks of the circuit and county commission. The Common Council, in selecting officers to conduct the election and in choosing ballot commissioners, shall be bound by all of the laws obligating a county commission to select commissioners and clerks.

e) The ballots at regular municipal elections shall be received, cast, counted, tabulated and returns made and canvassed in all respects as provided by law for conducting general nonpartisan elections in the State of West Virginia, except that the duties devolving upon the county commission and the clerk thereof under the general laws for conducting elections in the State shall be discharged by the Common Council and Recorder.

That Section 9 of the City of St. Marys Charter be amended by deleting all of Section 9 and inserting in lieu thereof, the following, to-wit:

Section 9. a) Any person who is a resident of The City of St. Marys and who is otherwise eligible to hold the office of Mayor or Councilman, and who seeks to be elected to any such office, shall, if such person desires his or her name to appear on the ballot, file a Certificate of Announcement with the Recorder of said City, delcaring himself or herself a candidate for election to such office. Such certificate shall be substantially in the form: I, ..., hereby certify that I am a candidate for the office of ....., and desire my name printed on the ballot to be voted at the regular municipal election to be held on the .....day of....., 19.....; that I am a qualified voter of The City of St. Marys; that the address of my residence in The City of St. Marys is .....; that I am eligible to hold the office; and that I am a candidate therefor in good faith.

_____
Candidate

'ANT & WHITE
ORNEYS AT LAW
ASHINGTON STREET
'. O. BOX 176
RYS, WV 26170-0176
304-684-2219

Signed and acknowledged before me this .....day of ....., 19.....

Signature and Official Title of Certifying Officer

Such announcement shall be signed and acknowledged by the candidate before some officer qualified to administer oaths, who shall certify the same.

b) In the year one thousand nine hundred eighty-nine (1989), and biennially thereafter, such certificate shall be filed with the Recorder not earlier than the last Monday in February next preceding the regular municipal election and not later than the last Friday in March next preceding the regular municpal election and must be received by the Recorder before midnight, eastern standard time, of that day, or, if mailed, shall be postmarked before that hour.

c) Every person who becomes a candidate for municipal office in any such regular municipal election shall, at the time of filing his Certificate of Announcement, pay a filing fee in the sum of Twenty and No/100 Dollars ($20.00) for the office of Mayor and the sum of Five and No/100 Dollars ($5.00) for the office of Councilman.

THE CITY OF ST. MARYS

By: Arthur H. Olde

Its Mayor

Attest:

Linda K. Wilson

Recorder

First Reading June 7, 1988

Second Reading June 21, 1988

RYANT & WHITE
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WASHINGTON STREET
P. O. BOX 176
IARYS, WV 26170-0176
304-684-2219

City of St. Marys

418 Second Street
ST. MARYS, WEST VIRGINIA 26170
Phone: (304) 684-2401
Fax: (304) 684-2463

Mayor
Louis F. Flade

City Recorder
Linda K. Wilson

Council
Julian Israel - Ward I
Jack Johnson - Ward II
Larry Burns - Ward III

City Manager
Roy G. Hearn

Chief of Police
Dallas E. Flowers

Council
Paul E. Dutton - Ward I
Paula Wince - Ward II
C.A. (Mike) Hendricks - Ward III

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

I, L. Paul Ingram, do hereby solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of Mayor, for the City of St. Marys, for a term of four years, beginning July 1, 2001, to the best of my skill and judgment, so help me God.

L. Paul Ingram

ST. MARYS, WEST VIRGINIA
EST. 1849

Taken, subscribed and sworn to before me this the 29th day of June, 2001.

Linda K. Wilson, City Recorder

City of St. Marys

418 Second Street
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Phone: (304) 684-2401
Fax: (304) 684-2463

Mayor
Louis F. Flade

City Recorder
Linda K. Wilson

Council
Julian Israel - Ward I
Jack Johnson - Ward II
Larry Burns - Ward III

City Manager
Roy G. Hearn

Chief of Police
Dallas E. Flowers

Council
Paul E. Dutton - Ward I
Paula Wince - Ward II
C.A. (Mike) Hendricks - Ward III

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

I, Mark Hadley, do hereby solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of councilperson, for the City of St. Marys, for a term of four years, beginning July 1, 2001, to the best of my skill and judgment, so help me God.

Mark Hadley

ST. MARYS, WEST VIRGINIA
EST. 1849

Taken, subscribed and sworn to before me this the 29th day of June, 2001.

L. Paul Ingram, Mayor

City of St. Marys

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Phone: (304) 684-2401
Fax: (304) 684-2463

Mayor
Louis F. Flade

City Recorder
Linda K. Wilson

Council
Julian Israel - Ward I
Jack Johnson - Ward II
Larry Burns - Ward III

City Manager
Roy G. Hearn

Chief of Police
Dallas E. Flowers

Council
Paul E. Dutton - Ward I
Paula Wince - Ward II
C.A. (Mike) Hendricks - Ward III

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

I, Larry K. Burns, do hereby solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of councilperson, for the City of St. Marys, for a term of four years, beginning July 1, 2001, to the best of my skill and judgment, so help me God.

Larry K. Burns

ST. MARYS, WEST VIRGINIA
EST. 1849

Taken, subscribed and sworn to before me this the 29th day of June, 2001.

L. Paul Ingram, Mayor

City of St. Marys

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Phone: (304) 684-2401
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Mayor
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Julian Israel - Ward I
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City Manager
Roy G. Hearn

Chief of Police
Dallas E. Flowers

Council
Paul E. Dutton - Ward I
Paula Wince - Ward II
C.A. (Mike) Hendricks - Ward III

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

I, Lyle S. Meeks, do hereby solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of councilperson, for the City of St. Marys, for a term of four years, beginning July 1, 2001, to the best of my skill and judgment, so help me God.

Lyle S. Meeks

ST. MARYS, WEST VIRGINIA
EST. 1849

Taken, subscribed and sworn to before me this the 29th day of June, 2001.

L. Paul Ingram, Mayor

City of St. Marys

418 Second Street
ST. MARYS, WEST VIRGINIA 26170
Phone: (304) 684-2401
Fax: (304) 684-2463

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

I, Paul E. Dutton, do hereby solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of Ward I Council person for the City of St. Marys, for a term of four years, beginning July 1, 2003, to the best of my skill and judgment, so help me God.

Paul E. Dutton

ST. MARYS, WEST VIRGINIA
EST. 1849

Taken, subscribed and sworn to before me this the 1st day of July 2003.

L. Paul Ingram, Mayor

City of St. Marys

418 Second Street
ST. MARYS, WEST VIRGINIA 26170
Phone: (304) 684-2401
Fax: (304) 684-2463

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

I, Paula J. Wince, do hereby solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of Ward II Council person, for the City of St. Marys, for a term of four years, beginning July 1, 2003, to the best of my skill and judgment, so help me God.

Paula J. Wince

ST. MARYS, WEST VIRGINIA
EST. 1849

Taken, subscribed and sworn to before me this the 1st day of July 2003.

L. Paul Ingram, Mayor

City of St. Marys

418 Second Street
ST. MARYS, WEST VIRGINIA 26170
Phone: (304) 684-2401
Fax: (304) 684-2463

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

I, C. A. (Mike) Hendricks, do hereby solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of Ward III Councilperson for the City of St. Marys, for a term of four years, beginning July 1, 2003, to the best of my skill and judgment, so help me God.

C. A. Hendricks

ST. MARYS, WEST VIRGINIA
EST. 1849

Taken, subscribed and sworn to before me this the 1st day of July 2003.

L. Paul Ingram, Mayor

City of St. Marys

418 Second Street
ST. MARYS, WEST VIRGINIA 26170
Phone: (304) 684-2401
Fax: (304) 684-2463

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

I, Linda K. Wilson, do hereby solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties of City Recorder, for the City of St. Marys, for a term of undetermined years, beginning July 1, 2003, to the best of my skill and judgment, so help me God.

Linda K. Wilson

Taken, subscribed and sworn to before me this the 1st day of July 2003.

L. Paul Ingram, Mayor

MAY 2 0 1996

"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 City of St. Marys, Pleasants 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 City of St. Marys, Pleasants 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:

Rule 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.

COPY

News Media	Address
St. Marys Oracle	P.O. Box 27 St. Marys, WV 26170

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 news 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 cover 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 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, television 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 the continuation or reconvening thereof publicly given during 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: May 21, 1996

Adopted by Council: May 21, 1996

Louis F. Flade, Mayor

[SEAL]

Linda Wilson, Recorder/Treasurer

40436

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: November 9, 2005

CASE NO. 05-1091-S-CN

CITY OF ST. MARYS,
a municipality, Pleasants County.
Application for a certificate of convenience and necessity to acquire, construct, install, operate and maintain a new collection system and all necessary appurtenances (Phase 1).

RECOMMENDED DECISION

On July 26, 2005, the City of St. Marys (City, Applicant or St. Marys) filed an application, duly verified, for a certificate of convenience and necessity to undertake the first phase of a two-phase project. Specifically, the City intends to acquire, construct, install, operate and maintain a new collection system, consisting of 75 linear feet of 10-inch gravity sewer line; 250 linear feet of 8-inch gravity sewer line; 75 linear feet of 6-inch gravity sewer line; 75 linear feet of 4-inch gravity sewer line; five manholes; two cleanouts; three lift stations; upgrades to two existing lift stations; 6,475 linear feet of 6-inch force main; and all necessary appurtenances (all designated as Phase 1). The second phase will involve the construction of a new wastewater treatment plant, for which St. Marys will file a separate application for a certificate of convenience and necessity. The total project will allow St. Marys to establish service to the St. Marys Correctional Center, operated by the West Virginia Division of Corrections (WVDOC).

The City estimated that construction for the total project would cost approximately $4,850,000. However, Phase 1 is only expected to cost approximately $1,850,000, with the remaining cost assigned to Phase 2. St. Marys anticipates that the project will be funded by a loan from the West Virginia Infrastructure and Jobs Development Council (IJDC) in the approximate amount of $4,850,000 for a term of 30 years at an interest rate of 0.5%. The IJDC loan would be dispersed in two phases, with $1,850,00 being dispersed upon the completion of Phase 1 and the remainder being dispersed upon the completion of Phase 2. St. Marys' debt service on the loan for the project will be funded, in part, through a rate increase. The City has already adopted a municipal rate ordinance to accommodate the borrowing necessary to construct the project. The rates needed to fund the borrowing for Phase 1 are already in effect. The rates needed to fund the borrowing for Phase 2 were adopted in the same ordinance and will go into effect upon completion of the

construction of Phase 2. The rates adopted by the ordinance are reflected in the City's current tariff on file with the Commission.

Along with the application, the City provided the requisite forms; one set each of the plans and specifications; maps of the project; a project cost summary; and the items required by the checklist set forth in Rule 26.1 of the Commission's Rules of Practice and Procedure (Procedural Rules) for a certificate application, i.e., the City's Rule 42 information; its tariff; a facilities plan; the municipal rate ordinance which enacted the rates to support the project; a permit from the State of West Virginia, Office of Environmental Health Services, for the wastewater pump station improvements; a modification to the City's WV-NPDES water pollution control permit covering the construction of both Phase 1 and Phase 2 of the project; a pipeline crossing agreement with CSX Transportation, Inc.; the commitment letter from the IJDC; the certifications for the wastewater treatment plant operator; the engineering report; and a letter from the West Virginia Division of Culture and History indicating that the proposed project will not impact any archeological sites or any sites eligible for or included on the National Register of Historic Places. The City is in the process of obtaining a permit from the West Virginia Department of Highways. To the extent that any permit is delayed, the City requested that the certificate for Phase 1 be issued contingent upon the receipt of the outstanding permits.

According to the application, Phase 1 is on a reasonable funding and construction schedule. The engineers have estimated a 12-month construction period for Phase 1. In order to begin construction by December 1, 2005, St. Marys estimates that Commission approval should be received by November 1, 2005. The bids are scheduled for advertisement and opening in September and October 2005. The application asserted that the estimated cost of the construction of Phase 1 is reasonable and that neither the public generally nor the City's existing customers will be adversely affected by that construction. Phase 1 will improve sewage service to all of St. Marys' customers at fair, reasonable and nondiscriminatory rates and charges. No other public utility is, or will be, affected by the construction or certification of Phase 1 and Phase 1 will not infringe on the service territory of any other public utility. Accordingly, the City asked that the Commission grant a certificate to construct Phase 1 in accordance with the application and such other relief as it may deem appropriate.

On July 27, 2005, the Public Service Commission issued the Notice of Filing Order herein, directing St. Marys to publish the Notice of Filing one time in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Pleasants County, making due return to the Commission of proper certification of publication immediately thereafter. Anyone desiring to protest or intervene in the proceeding was directed to file a written protest or notice of intervention within thirty (30) days following the date of publication, unless otherwise modified by Commission Order. The Order noted that failure to timely protest or intervene could affect one's right to protest aspects of the certificate case, including any associated rate increases, or to participate in future proceedings. The Order further stated that all protests or requests to intervene should briefly state

the reason for the protest or intervention. Finally, the Order stated that, if no protests were received within the thirty-day period, the Commission could waive formal hearing and grant the certificate application based upon the evidence submitted with the application and its review thereof.

On August 5, 2005, the City filed its verification for the application.

On August 18, 2005, the City filed the affidavit of publication for the Notice of Filing, indicating that the Notice was published, as required, in The St. Marys Oracle, a newspaper published and generally circulated in Pleasant County, on August 10, 2005. The thirty-day protest period expired on September 9, 2005, with no protests or petitions to intervene having been filed in response thereto.

On August 26, 2005, Staff Attorney Richard M. Allen filed the Initial Joint Staff Memorandum in this proceeding, attached to which was the Initial Internal Memorandum prepared by Technical Analyst Audra L. Blackwell, of the Commission's Engineering Division, and Utilities Analyst Steve Wilson, of the Commission's Water and Wastewater Division. Commission Staff indicated that it was in the process of reviewing the case and required clarification of certain items, which were discussed in the Initial Internal Memorandum. Commission Staff recommended that the case be referred to the Division of Administrative Law Judges for processing.

On September 1, 2005, the City filed its response to the Initial Joint Staff Memorandum, providing the information for which Commission Staff requested clarification.

By Commission Referral Order entered on September 9, 2005, the Commission referred this matter to the Division of Administrative Law Judges for a decision to be rendered either within fifteen days of the receipt of the last of three specific items, i.e., the affidavit of publication; the Final Joint Staff Memorandum; or any response to the Final Joint Staff Memorandum, or, in the event that the proceeding was protested or would require a hearing on disputed matters, within 210 days of the date of filing, i.e., February 21, 2006.

On September 16, 2005, Staff Attorney Allen filed a Further Initial Joint Staff Memorandum, attached to which was a Further Internal Memorandum, prepared by Ms. Blackwell and Mr. Wilson, again requesting clarification of certain additional information. Concurrently with the filing of the Further Initial Joint Staff Memorandum, Staff Attorney Allen filed Staff's first set of interrogatories, data requests and requests for information for the City of St. Marys.

On September 23, 2005, the City filed a letter with the Commission indicating that counsel for the City had been advised that a City representative had contacted Mr. Wilson and that there was no longer any need for the additional information requested by Commission Staff.

On October 24, 2005, Staff Attorney Chris Howard filed, on behalf of Staff Attorney Allen, the Final Joint Staff Memorandum in this

proceeding, attached to which was the Final Internal Memorandum prepared by Ms. Blackwell and Mr. Wilson. Commission Staff verified the projected costs set forth in the application and the receipt of the various permits and certifications referenced in the application. The Rule 42 exhibit attached to the application indicated an estimate of operation and maintenance expenses, including the proposed project, of $240,460 annually, which Commission Staff has reviewed and believes to be reasonable. Staff noted that Phase 1 of the project will not serve any new customers, although Phase 2, which will be the subject of a subsequent certificate application, will allow the City to provide service to the St. Marys Correctional Center. Commission Staff concluded that Phase 1 of the project will improve sewage service to all of the City's customers and that the plans and specifications for the project are in general conformance with the Public Service Commission's rules and regulations.

Commission Staff noted that the City is anticipating that, because of Phase 1, revenue from metered sales will increase approximately $274,078 annually, which Staff will accept for the purposes of the review in this proceeding. The monthly payment on the IJDC loan will be approximately $5,535 per month. Funding for the debt service reserve and the renewal and replacement reserve were included in Staff's proposed cash flow attached to its Final Joint Staff Memorandum. Staff verified that a binding letter commitment for the IJDC loan has been provided. Commission Staff indicated that the City's current rates are sufficient to cover the payments, debt service and reserve costs associated with the IJDC loan for Phase 1 of the proposed project. At the current rates, the City's annual cash surplus should be approximately $155,991, with a debt service coverage ratio of 362.88%.

Commission Staff recommended that the application for a certificate of convenience and necessity for Phase 1 of the total project be granted, contingent upon receipt of all outstanding permits; that the financing for Phase 1, consisting of a loan from the IJDC in the amount of $1,850,000, for a term of 30 years at an interest rate of 0.5%, be approved; that, if there is any change in the Phase 1 project costs which necessitates higher rates than those currently charged under the Phase 1 portion of the City's tariff, the City be required to reopen the proceeding and supply detailed information in regard to those cost changes, as well as any changes in the engineering plans; if there is a change in the project costs that does not affect rates, the City be required to file an affidavit signed by its CPA verifying that the rates are not affected; and that, in the City's next municipal ordinance process, it adopt certain attached Staff-recommended tariff changes, to bring the City's tariff into compliance with the Commission's Rules for the Construction and Filing of Tariffs (Tariff Rules).

On October 27, 2005, the City filed a response to the Final Joint Staff Recommendation. The City had no objection to most of the Staff recommendations. However, the City asserted that the issue raised by Commission Staff with respect to the City's tariff is not before the Commission in this proceeding. When it next modifies its sewer ordinance, the City represented that it would be pleased to take up those issues with Commission Staff at that time. However, since any revised tariff issues are not before the Commission in this proceeding, the City

requested that the final recommendation regarding the tariff language be omitted from the final Order in this case.

On November 8, 2005, portions of the Engineer's Report were refiled with the Commission.

As of the date of this Order, Commission Staff has not responded or objected to the City's letter filed on October 27, 2005.

Upon consideration of all of the above, the undersigned Administrative Law Judge is of the opinion that the application filed by the City of St. Marys for a certificate of convenience and necessity to construct Phase 1 of its proposed project, as detailed in the application filed herein on July 26, 2005, should be granted, since the public convenience and necessity require the proposed project, no other utility is adversely affected by the project and Commission Staff has reviewed the project and concluded that the certificate should be granted.

FINDINGS OF FACT

1. On July 26, 2005, the City of St. Marys filed an application, duly verified, for a certificate of convenience and necessity to undertake the first phase of a two-phase project in which the City intends to acquire, construct, install, operate and maintain a new sewer collection system. (See, July 26, 2005 filing).

2. The total project would cost approximately $4,850,000. However, Phase 1 is only expected to cost approximately $1,850,000, with the remaining cost assigned to Phase 2. The project will be funded by a loan from the West Virginia Infrastructure and Jobs Development Council (IJDC) in the approximate amount of $4,850,000 for a term of 30 years at an interest rate of 0.5%. The IJDC loan would be dispersed in two phases, with $1,850,00 being dispersed upon the completion of Phase 1 and the remainder being dispersed upon the completion of Phase 2. The funding has been committed. (See, application ands exhibits filed July 26, 2005; Final Joint Staff Memorandum filed October 24, 2005).

3. The City filed an Affidavit of Publication reflecting that the Notice of Filing of the certificate application was published on August 10, 2005, in The St. Marys Oracle, a newspaper published and of generally circulated in Pleasants County, West Virginia. (See, Affidavit of Publication filed August 18, 2005).

4. No protests or objections were filed to the City's certificate application within the thirty-day response period, which expired on September 9, 2005, or as of the date of this Order. (See, case file generally).

5. The rehabilitation and/or construction of a new collection system, including pump stations, in the City of St. Marys will ultimately allow the St. Marys Correctional Center to connect to the sewer system. There is no other sewage service provider available for the Correctional Center. The additional flows from the Correctional Center will exceed

the design capacity of several parts of the City's system if the Phase 1 changes are not made. Further, some of the City's pump stations simply require replacement because they have deteriorated and have passed their design lives. (See, application and Engineering Report filed July 26, 2005, and November 8, 2005).

6. Commission Staff has reviewed the application and the documents filed in support thereof and has concluded that the public convenience and necessity will be served by granting the requested application and that the project, as designed, does not appear to violate any of the Commission's rules and regulations. (See, Final Joint Staff Memorandum filed October 24, 2005).

7. The current rates and charges of the City of St. Marys are adequate to cover the payments, debt service and reserve requirements for the Phase 1 loan to support the collection system project which is the subject of this proceeding. The City has also already enacted revised rates and charges to become effective upon completion of Phase 2 of the project, which appear at this time to be fully adequate to support the entire project. (See, application and exhibits filed July 26, 2005; Final Joint Staff Memorandum and attachment filed October 24, 2005).

8. The City of St. Marys already has, or is in the process of obtaining, all of the necessary permits and certifications required for the project. (See application and exhibits filed July 26, 2005; Final Joint Staff Memorandum and attachment filed October 24, 2005).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to the City of St. Marys to construct and upgrade a new collection system in St. Marys, West Virginia, as more particularly set forth and described in the certificate application filed herein on July 26, 2005.

2. It is reasonable to approve the financing for the project certificated herein, which consists of a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $1,850,000, at an interest rate of 0.5%, for a term of thirty (30) years.

3. The project is economically feasible because the City of St. Marys has already enacted increased rates and charges sufficient to support the debt service and increased operation and maintenance expenses associated with the project and because the funding is fully committed.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on July 26, 2005, by the City of St. Marys for a certificate of convenience and necessity to construct and operate a new collection system in St. Marys, West Virginia, as more particularly set forth and described in said certificate application, be, and hereby is, granted, without need

for a formal hearing, contingent upon receipt of all permits needed for the project.

IT IS FURTHER ORDERED that the financing for Phase 1 of the total project, consisting of a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $1,850,000, at an interest rate of 0.5%, for a term of thirty (30) years, be, and hereby is, approved.

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

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

IT IS FURTHER ORDERED that, if there are any changes in the plans or scope of the project, the City of St. Marys obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are any changes to the financing which affect the rates to be charged, the City of St. Marys obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are any changes to the financing which do not affect rates, the City need not reopen this proceeding for approval of those changes, but it shall file an affidavit from its certified public accountant, verifying that the project rates will not be affected by the change in financing.

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

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

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

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

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

Commission sooner than five (5) days after approval of such waiver by the Commission.

Melissa K. Marland
Chief Administrative Law Judge

MKM:mal
051091a.wpd

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
1201 DUNBAR AVENUE
DUNBAR, WV 25064
Telephone (304) 558-3612
Telecopier (304) 558-0299

September 11, 1995

RECEIVED
SEP 28 1995
Water Resources
Construction Assistance

Mr. Todd E. Hooker
Mid-Ohio Valley Regional Council
P.O. Box 247
Parkersburg WV 26101

PRELIMINARY APPLICATION -
CITY OF ST. MARYS (SEWER PROJECT)

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Preliminary Application for the above-referenced project and has determined that the project is technically and financially feasible within the guidelines of the Act. (See attached Sewer Assessment Committee comments.)

The Council recommends that the City of St. Marys pursue a State Revolving Fund loan of $1,886,000 from the Division of Environmental Protection to finance this project. This letter does not constitute funding approval by that agency.

If you have any questions, please contact Daniel Yonkosky, Director of the Water Development Authority, who serves as chairman of the Council's Funding Committee.

Daniel B. Yonkosky

for RUSSELL L. ISAACS, CHAIRMAN
WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

c Mike Johnson, Division of Environmental Protection

enfina

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Timothy Stranko
Morgantown

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

Katy Mallory, PE

Executive Secretary
Katy.Mallory@verizon.net

November 13, 2003

The Honorable Paul Ingram
Mayor, City of St. Marys
418 Second Street
St. Marys, West Virginia 26170

Re: City of St. Marys
Wastewater Project 2001S-626

Dear Mayor Ingram:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately $4,850,000 (the "Loan") to the City of St. Marys (the "City") for above referenced wastewater project (the "Project"). The loan is to be closed in two parts - Phase I project to provide service to the correctional center and Phase II project to finance a new wastewater treatment plant. The Loans will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amounts will be established after the City has received acceptable bids for the Projects. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loans upon the City's compliance with the program requirements.

This commitment is contingent upon the Phase I Project meeting the following schedule:

a. Submit Plans and Specifications to the Bureau for Public Health by January 15, 2004;
b. File Certificate Case with the Public Service Commission no later than March 15, 2004;
c. Advertise for bids no later than July 15, 2004.
(The City must receive authority from the Infrastructure Council before bidding the project.)

This commitment is also contingent upon the Phase II Project meeting the following schedule:

d. Submit Plans and Specifications to the Bureau for Public Health by January 15, 2005;
e. File Certificate Case with the Public Service Commission no later than March 15, 2005;
f. Advertise for bids no later than July 15, 2005.
(The City must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw these Loan commitments if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedules. Any decision to modify the schedules is at the sole discretion of the Infrastructure Council.

If the City becomes aware that it will not meet one or more of the above schedule dates, the City should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the City to be unable to meet the schedules. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedules have or will not be met.

The Infrastructure Council will enter into Loan agreements with the City following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; evidence of compliance with the WV Jobs Act; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person or member of the Infrastructure Council shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the City has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Russell L. Isaacs

RLI/km
Attachments
cc: Samme Gee, Esq., Jackson Kelly
Ashok Sanghavi, S & S Engineers, Inc.
Phil Postalwaite

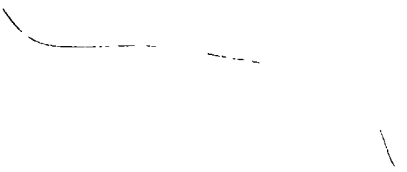
NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

City of St. Marys

By:_____

Its: _____

Date:_____



IC-1
(11/01/04)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

THE CITY OF ST. MARYS

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together,

as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "Council," "governmental agency," "project," "waste water facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

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

(c) The Governmental Agency shall either have received bids or entered into contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan will refund an interim construction financing, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and the Council shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

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

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

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

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

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and the Council shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority, the Council or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as

possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

THE CITY OF ST. MARYS

(SEAL)

By: _____
Its: Mayor
Date: July 10, 2006

Attest: _____

Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: July 10, 2006

Attest: _____

Its: Secretary-Treasurer

{C1100670.1}

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____

(Issuer)

_____

(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated _____.

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

2. The Loan Agreement inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Governmental Agency without the consent of the Authority and the Council.

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____

Name of Bond Issue(s) _____

Type of Project _____ **Water** _____ **Wastewater**

Fiscal Year _____ **Report Month** _____

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

_____

Name of Person Completing Form

_____

Address

_____

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:	
Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $1,581,250
Purchase Price of Local Bonds $1,581,250

The Local Bonds shall bear interest at the rate of .5% per annum. Commencing December 1, 2007, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall submit its payments monthly to the Commission which will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

The Local Bonds are fully registered in the name of the Authority as to interest, if any, and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

(i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, dated November 13, 1996, issued in the original principal amount of $128,000 (the "Series 1996 B Bonds");

(ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, dated June 18, 1998, issued in the original principal amount of $554,000 (the "Series 1998 A Bonds"); and

(iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (West Virginia Water Development Authority), dated October 22, 2003, issued in the original principal amount of $425,000 (the "Series 2003 A Bonds").

SCHEDULE Y

DEBT SERVICE SCHEDULE

$1,581,250

City of St. Marys (West Virginia)
30 Years from Closing Date, 0.5% Interest Rate
Closing Date: July 10, 2006

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Interest	Total P+I
09/01/2006	-	-	-	-
12/01/2006	-	-	-	-
03/01/2007	-	-	-	-
06/01/2007	-	-	-	-
09/01/2007	-	-	-	-
12/01/2007	12,794.00	0.500%	1,976.56	14,770.56
03/01/2008	12,810.00	0.500%	1,960.57	14,770.57
06/01/2008	12,826.00	0.500%	1,944.56	14,770.56
09/01/2008	12,842.00	0.500%	1,928.53	14,770.53
12/01/2008	12,858.00	0.500%	1,912.47	14,770.47
03/01/2009	12,874.00	0.500%	1,896.40	14,770.40
06/01/2009	12,890.00	0.500%	1,880.31	14,770.31
09/01/2009	12,906.00	0.500%	1,864.20	14,770.20
12/01/2009	12,922.00	0.500%	1,848.06	14,770.06
03/01/2010	12,939.00	0.500%	1,831.91	14,770.91
06/01/2010	12,955.00	0.500%	1,815.74	14,770.74
09/01/2010	12,971.00	0.500%	1,799.54	14,770.54
12/01/2010	12,987.00	0.500%	1,783.33	14,770.33
03/01/2011	13,003.00	0.500%	1,767.10	14,770.10
06/01/2011	13,020.00	0.500%	1,750.84	14,770.84
09/01/2011	13,036.00	0.500%	1,734.57	14,770.57
12/01/2011	13,052.00	0.500%	1,718.27	14,770.27
03/01/2012	13,069.00	0.500%	1,701.96	14,770.96
06/01/2012	13,085.00	0.500%	1,685.62	14,770.62
09/01/2012	13,101.00	0.500%	1,669.26	14,770.26
12/01/2012	13,118.00	0.500%	1,652.89	14,770.89
03/01/2013	13,134.00	0.500%	1,636.49	14,770.49
06/01/2013	13,150.00	0.500%	1,620.07	14,770.07
09/01/2013	13,167.00	0.500%	1,603.64	14,770.64
12/01/2013	13,183.00	0.500%	1,587.18	14,770.18
03/01/2014	13,200.00	0.500%	1,570.70	14,770.70
06/01/2014	13,216.00	0.500%	1,554.20	14,770.20
09/01/2014	13,233.00	0.500%	1,537.68	14,770.68
12/01/2014	13,249.00	0.500%	1,521.14	14,770.14
03/01/2015	13,266.00	0.500%	1,504.58	14,770.58
06/01/2015	13,283.00	0.500%	1,487.99	14,770.99
09/01/2015	13,299.00	0.500%	1,471.39	14,770.39
12/01/2015	13,316.00	0.500%	1,454.77	14,770.77
03/01/2016	13,332.00	0.500%	1,438.12	14,770.12
06/01/2016	13,349.00	0.500%	1,421.46	14,770.46
09/01/2016	13,366.00	0.500%	1,404.77	14,770.77
12/01/2016	13,382.00	0.500%	1,388.06	14,770.06
03/01/2017	13,399.00	0.500%	1,371.33	14,770.33
06/01/2017	13,416.00	0.500%	1,354.59	14,770.59

$1,581,250

City of St. Marys (West Virginia)
30 Years from Closing Date, 0.5% Interest Rate
Closing Date: July 10, 2006

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Interest	Total P+I
09/01/2017	13,433.00	0.500%	1,337.82	14,770.82
12/01/2017	13,449.00	0.500%	1,321.02	14,770.02
03/01/2018	13,466.00	0.500%	1,304.21	14,770.21
06/01/2018	13,483.00	0.500%	1,287.38	14,770.38
09/01/2018	13,500.00	0.500%	1,270.53	14,770.53
12/01/2018	13,517.00	0.500%	1,253.65	14,770.65
03/01/2019	13,534.00	0.500%	1,236.76	14,770.76
06/01/2019	13,551.00	0.500%	1,219.84	14,770.84
09/01/2019	13,568.00	0.500%	1,202.90	14,770.90
12/01/2019	13,585.00	0.500%	1,185.94	14,770.94
03/01/2020	13,602.00	0.500%	1,168.96	14,770.96
06/01/2020	13,619.00	0.500%	1,151.96	14,770.96
09/01/2020	13,636.00	0.500%	1,134.93	14,770.93
12/01/2020	13,653.00	0.500%	1,117.89	14,770.89
03/01/2021	13,670.00	0.500%	1,100.82	14,770.82
06/01/2021	13,687.00	0.500%	1,083.73	14,770.73
09/01/2021	13,704.00	0.500%	1,066.62	14,770.62
12/01/2021	13,721.00	0.500%	1,049.49	14,770.49
03/01/2022	13,738.00	0.500%	1,032.34	14,770.34
06/01/2022	13,755.00	0.500%	1,015.17	14,770.17
09/01/2022	13,773.00	0.500%	997.98	14,770.98
12/01/2022	13,790.00	0.500%	980.76	14,770.76
03/01/2023	13,807.00	0.500%	963.52	14,770.52
06/01/2023	13,824.00	0.500%	946.26	14,770.26
09/01/2023	13,842.00	0.500%	928.98	14,770.98
12/01/2023	13,859.00	0.500%	911.68	14,770.68
03/01/2024	13,876.00	0.500%	894.36	14,770.36
06/01/2024	13,893.00	0.500%	877.01	14,770.01
09/01/2024	13,911.00	0.500%	859.65	14,770.65
12/01/2024	13,928.00	0.500%	842.26	14,770.26
03/01/2025	13,946.00	0.500%	824.85	14,770.85
06/01/2025	13,963.00	0.500%	807.42	14,770.42
09/01/2025	13,981.00	0.500%	789.96	14,770.96
12/01/2025	13,998.00	0.500%	772.49	14,770.49
03/01/2026	14,016.00	0.500%	754.99	14,770.99
06/01/2026	14,033.00	0.500%	737.47	14,770.47
09/01/2026	14,051.00	0.500%	719.93	14,770.93
12/01/2026	14,068.00	0.500%	702.36	14,770.36
03/01/2027	14,086.00	0.500%	684.78	14,770.78
06/01/2027	14,103.00	0.500%	667.17	14,770.17
09/01/2027	14,121.00	0.500%	649.54	14,770.54
12/01/2027	14,139.00	0.500%	631.89	14,770.89
03/01/2028	14,156.00	0.500%	614.22	14,770.22
06/01/2028	14,174.00	0.500%	596.52	14,770.52

$1,581,250

City of St. Marys (West Virginia)
30 Years from Closing Date, 0.5% Interest Rate
Closing Date: July 10, 2006

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Interest	Total P+I
09/01/2028	14,192.00	0.500%	578.80	14,770.80
12/01/2028	14,209.00	0.500%	561.06	14,770.06
03/01/2029	14,227.00	0.500%	543.30	14,770.30
06/01/2029	14,245.00	0.500%	525.52	14,770.52
09/01/2029	14,263.00	0.500%	507.71	14,770.71
12/01/2029	14,281.00	0.500%	489.88	14,770.88
03/01/2030	14,298.00	0.500%	472.03	14,770.03
06/01/2030	14,316.00	0.500%	454.16	14,770.16
09/01/2030	14,334.00	0.500%	436.27	14,770.27
12/01/2030	14,352.00	0.500%	418.35	14,770.35
03/01/2031	14,370.00	0.500%	400.41	14,770.41
06/01/2031	14,388.00	0.500%	382.45	14,770.45
09/01/2031	14,406.00	0.500%	364.46	14,770.46
12/01/2031	14,424.00	0.500%	346.45	14,770.45
03/01/2032	14,442.00	0.500%	328.42	14,770.42
06/01/2032	14,460.00	0.500%	310.37	14,770.37
09/01/2032	14,478.00	0.500%	292.30	14,770.30
12/01/2032	14,496.00	0.500%	274.20	14,770.20
03/01/2033	14,514.00	0.500%	256.08	14,770.08
06/01/2033	14,533.00	0.500%	237.94	14,770.94
09/01/2033	14,551.00	0.500%	219.77	14,770.77
12/01/2033	14,569.00	0.500%	201.58	14,770.58
03/01/2034	14,587.00	0.500%	183.37	14,770.37
06/01/2034	14,605.00	0.500%	165.14	14,770.14
09/01/2034	14,624.00	0.500%	146.88	14,770.88
12/01/2034	14,642.00	0.500%	128.60	14,770.60
03/01/2035	14,660.00	0.500%	110.30	14,770.30
06/01/2035	14,679.00	0.500%	91.97	14,770.97
09/01/2035	14,697.00	0.500%	73.62	14,770.62
12/01/2035	14,715.00	0.500%	55.25	14,770.25
03/01/2036	14,734.00	0.500%	36.86	14,770.86
06/01/2036	14,752.00	0.500%	18.44	14,770.44
Total	**$1,581,250.00**	-	**$117,360.80**	**$1,698,610.80**

$1,581,250

City of St. Marys (West Virginia)
30 Years from Closing Date, 0.5% Interest Rate
Closing Date: July 10, 2006

Debt Service Schedule

Part 4 of 4

Yield Statistics

Accrued Interest from 07/10/2006 to 07/10/2006	(9,026.30)
Bond Year Dollars	$25,277.40
Average Life	15.986 Years
Average Coupon	0.4642914%
Net Interest Cost (NIC)	0.4642914%
True Interest Cost (TIC)	0.5004434%
Bond Yield for Arbitrage Purposes	0.5004434%
All Inclusive Cost (AIC)	0.5004434%

IRS Form 8038

Net Interest Cost	0.5000004%
Weighted Average Maturity	15.986 Years

SCHEDULE Z

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 931.01 OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA

WHEREAS, The Common Council of City of St. Marys, West Virginia, has determined that it is in the best interest of the citizens of St. Marys to amend the water rates charged by the City of St. Marys for the purpose of complying with State and Federal environmental regulations.

BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF ST. MARYS that Article 931.01 of the Codified Ordinances of the City of St. Marys, West Virginia, shall be amended as follows:

931.01 WATER RATES AND CHARGES

1. The initial schedule of rates and charges for the water services and facilities immediately after the passage of this ordinance shall be as follows:

(a) Rate in Gallons User Per Month.

Gallons	Rate per 1,000 gallons
First 3,000	$2.02
Next 6,000	1.84
Next 6,000	1.55
Next 15,000	1.22
All Over 30,000	.89

(b) Flat Rate. Installations which are serviced without a meter shall be charged a flat rate equal to the minimum charge per month for the size meter which would be required.

(c) Minimum Charge. No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

Meter size (inches)	Fee per month
3/4	$ 6.08
1	15.64
1 1/2	35.16
2	62.43
3	140.51
4	249.87

(d) Connection Charge. A minimum connection charge of Two Hundred Fifty Dollars ($250.00) shall be made for new customers of the water facilities. When the cost of labor, material and equipment for any connection exceeds the sum of Two Hundred Fifty Dollars ($250.00), the balance of said cost shall be paid before the connection is completed.

(e) Delayed Payment Penalty.

(1) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to net amount shown.

(2) If any bill is not paid within thirty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars($20.00).

2. The initial schedule of rates and charges for the water services and facilities two (2) months after the passage of this ordinance shall be as follows:

(a) Rate in Gallons User Per Month.

Gallons	Rate per 1,000 gallons
First 3,000	$2.41
Next 6,000	2.20
Next 6,000	1.85
Next 15,000	1.46
All Over 30,000	1.06

(b) Flat Rate. Installations which are serviced without a meter shall be charged a flat rate equal to the minimum charge per month for the size meter which would be required.

(c) Minimum Charge. No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

Meter size (inches)	Fee per month
3/4	$ 7.26
1	18.68
1 1/2	42.00
2	74.58
3	167.86
4	298.50

(d) Connection Charge. A minimum connection charge of Two Hundred Fifty Dollars ($250.00) shall be made for new customers of the water facilities. When the cost of labor, material and equipment for any connection exceeds the sum of Two Hundred Fifty Dollars ($250.00), the balance of said cost shall be paid before the connection is completed.

(e) Delayed Payment Penalty.

(1) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to net amount shown.

(2) If any bill is not paid within thirty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars($20.00).

3. The initial schedule of rates and charges for the water services and facilities immediately after the completion of the St. Marys Water Works Projects shall be as follows:

(a) Rate in Gallons User Per Month.

Gallons	Rate per 1,000 gallons
First 3,000	$2.81
Next 6,000	2.55
Next 6,000	2.16
Next 15,000	1.69
All Over 30,000	1.24

(b) Flat Rate. Installations which are serviced without a meter shall be charged a flat rate equal to the minimum charge per month for the 3/4 size meter which would be required.

(c) Minimum Charge. No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

Meter size (inches)	Fee per month
3/4	$ 8.45
1	21.74
1 1/2	48.85
2	86.73
3	195.20
4	347.14

(d) Connection Charge. A minimum connection charge of Two Hundred Fifty Dollars ($250.00) shall be made for new customers of the water facilities. When the cost of labor, material and equipment for any connection exceeds the sum of Two Hundred Fifty Dollars ($250.00), the balance of said cost shall be paid before the connection is completed.

(e) Delayed Payment Penalty.

(1) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to net amount shown.

(2) If any bill is not paid within thirty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of Twenty Dollars ($20.00).

(f) Effective Date. This ordinance is effective forty-five (45) days after passage.

THE CITY OF ST. MARYS

By: Louis T. Slade
Its Mayor

Attest:

Linda K. Wilson
Recorder

First Reading November 4, 1997

Second Reading January 6, 1998

Date of Adoption January 6, 1998

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 931, SECTION 931.03, AND ARTICLE 935, SECTION 935.10, OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA

BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF ST. MARYS that Article 931, Section 931.03, and Article 935, Section 935.10, of the Codified Ordinances of The City of St. Marys, West Virginia, shall be amended as follows, to be effective forty-five (45) days from passage, all as provided for by Chapter 8, Article 11, and Chapter 24, Article 2, Section 4b of the *Code of West Virginia, 1931, as amended*, and that all provisions inconsistent therewith be repealed, and that due notice hereof be provided by publication and maintenance of this ordinance by the City Recorder.

First, That Article 931, Section 931.03, of the *Codified Ordinances of The City of St. Marys, as amended*, be further amended by establishing a schedule of rates and charges for the use of and services rendered by the sewer system of The City of St. Marys, all of said section as hereby amended to read as follows:

"931.03 SEWER RATES

For the payment of proper and reasonable expense of operations, repair, replacements, improvements, additions, betterments, extensions, and maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all related bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of The City of St. Marys, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplied the premises, shall be:

(1) Rate in Gallons Used Per Month.

Gallons	Rate per 1,000 Gallons
First 3,000	$3.21
Next 6,000	2.90
Next 6,000	2.43
Next 15,000	2.01
All Over 30,000	1.46

(2) Flat Rate. Installations which are served without a meter shall be charged a flat rate equal to the minimum charge per month for the size water meter which would be required.

(3) Minimum Charge. No bill will be rendered for less than $9.63 per month or portion thereof.

(4) Delayed Payment Penalty.

(A) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to net amount shown.

(B) If any bill is not paid within thirty days of date of bill, sewer service to the customer will be discontinued. Sewer service will thereafter not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars ($20.00).

(5) Recovery of Bank Charges. If a bank or other financial institution returns a customer's check to the City due to insufficient funds in such customer's account and charges a fee to the City for such service, then the fee charged will be added to the account of the customer whose check is returned."

Second, That Article 935, Section 935.10 of the *Codified Ordinances of The City of St. Marys, as amended*, be further amended by establishing the terms and conditions of service connection to the sewer system of The City of St. Marys, all of said section as hereby amended to read as follows:

"935.10 SERVICE CONNECTIONS.

(a) Service Connections and Tapping Fee. The terms service connection and tapping fee shall be interchangeable.

(b) Separate Connections Required. Only one house or building shall be served by each sanitary sewer connection. When by reason of topography or other unusual circumstances Council authorizes a departure from the foregoing requirements of this section, a written agreement must be entered into absolving the City of all maintenance from buildings to main, whether in the street or not, and agreeing to separate connection charges for each residence or building.

(c) Multiple Occupancy. On apartment buildings, or other multiple occupancy buildings, including trailer courts, mobile or immobile, each household or business unit shall be required to pay not less than the minimum monthly charge herein established. Motels and hotels shall pay according to the amount of water used.

(d) Connection Charge. A minimum connection charge of Four Hundred Fifty Dollars ($450.00) shall be made for new customers of the sewer facilities. When the cost of labor, material and equipment for any connection exceeds said sum, then the balance of said cost shall be paid before the connection is completed."

Third, That Ordinance # 2000-1 and any other ordinance inconsistent with the provisions hereof is hereby repealed to the extent of such inconsistency.

Fourth, That the foregoing shall become effective forty-five (45) days after passage.

Fifth, That whereas the cited *Code* section provides that notice shall be given by publication in compliance with the provisions of Chapter 8, Article 11, Section 4 of the *Code of West Virginia, 1931, as amended*, the City Recorder is hereby authorized and directed to publish a copy of this ordinance once each week for two successive weeks in *The St. Marys Oracle*, a duly qualified

newspaper, in the City of St. Marys, West Virginia, and the same shall constitute notice to all persons concerned that the foregoing ordinance herein stated has been introduced at a meeting of the City Council on February 19, 2002, and that the City Council contemplates the adoption thereof, including the amendment of the rates and charges therein set forth, as just and equitable rates or charges for use of, and the service rendered by, the sewer system and works of The City of St. Marys, West Virginia, and that any person interested may appear before the Council on the 5th day of March, 2002, at 7:00 p.m., in the City Council Chambers, on the first floor of the Municipal Building, 418 Second Street, in The City of St. Marys, and present to the Council any protest or objection he may have to the rates or charges proposed. The second day of the successive publication aforesaid shall be at least five (5) days prior to the date set for the hearing of protests.

Sixth, That a copy of the proposed ordinance is and shall be made available for public inspection in the office of the City Recorder, 418 Second Street, St. Marys, West Virginia, between the hours of 8:00 a.m. and 4:00 p.m. Monday through Friday.

THE CITY OF ST. MARYS, WEST VIRGINIA

By L. Paul Ingram
Its Mayor

Attest:

Linda K. Wilson
Recorder

First Reading February 19, 2002

Second Reading March 5, 2002

Date of Adoption March 5, 2002

C0581834.1

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 931, SECTION 931.03, OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA

BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF ST. MARYS that Article 931, Section 931.03, of the Codified Ordinances of The City of St. Marys, West Virginia, shall be amended as follows, to be effective forty-five (45) days from passage, all as provided for by applicable provisions of the *Code of West Virginia, 1931, as amended*, that all provisions inconsistent therewith be repealed, and that due notice hereof be provided by publication and maintenance of this ordinance by the City Recorder.

First, That Article 931, Section 931.03, of the *Codified Ordinances of The City of St. Marys, as amended*, be further amended by establishing a schedule of rates and charges for the use of and services rendered by the sewer system of The City of St. Marys, all of said section as hereby amended to read as follows:

"931.03 SEWER RATES

For the payment of proper and reasonable expense of operations, repair, replacements, improvements, additions, betterments, extensions, and maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all related bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of The City of St. Marys, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplied the premises, shall be:

(1a) Rate in Gallons Used Per Month.

The following rates shall be in effect until completion of the improvements required to upgrade the City's sewage treatment system:

Gallons	Rate per 1,000 Gallons
First 3,000	$4.57
Next 6,000	4.12
Next 6,000	3.46
Next 15,000	2.86
All Over 30,000	2.08

(1b) Rate in Gallons Used Per Month.

The following rates shall take effect upon completion of the improvements required to upgrade the City's sewage treatment system:

Gallons	Rate per 1,000 Gallons
First 3,000	$6.23
Next 6,000	5.62

Next 6,000	4.71
Next 15,000	3.90
All Over 30,000	2.83

(2) Flat Rate. Installations which are served without a meter shall be charged a flat rate equal to the minimum charge per month for the size water meter which would be required.

(3) Minimum Charge. No bill will be rendered for less than $13.71 per month or portion thereof under section (1a). No bill will be rendered for less than $18.69 per month or portion thereof under section (1b).

(4) Delayed Payment Penalty.

(A) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to net amount shown.

(B) If any bill is not paid within thirty days of date of bill, sewer service to the customer will be discontinued. Sewer service will thereafter not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars ($20.00).

(5) Recovery of Bank Charges. If a bank or other financial institution returns a customer's check to the City due to insufficient funds in such customer's account and charges a fee to the City for such service, then the fee charged will be added to the account of the customer whose check is returned."

Second, That any other ordinance inconsistent with the provisions hereof is hereby repealed to the extent of such inconsistency.

Third, That the foregoing shall become effective forty-five (45) days after passage.

Fourth, That the City Recorder is hereby authorized and directed to publish a copy of this ordinance and/or notice thereof as may be required by applicable law, in a duly qualified newspaper or newspapers, in the City of St. Marys, West Virginia, and the same shall constitute notice to all persons concerned that the foregoing ordinance herein stated has been introduced at a meeting of the City Council on December 2, 2003, and that the City Council contemplates the adoption thereof, including the amendment of the rates and charges therein set forth, as just and equitable rates or charges for use of, and the service rendered by, the sewer system and works of The City of St. Marys, West Virginia, and that any person interested may appear before the Council on the 6th day of January, 2004, at 7:00 p.m., in the City Council Chambers, on the first floor of the Municipal Building, 418 Second Street, in The City of St. Marys, and present to the Council any protest or objection he may have to the rates or charges proposed.

Fifth, That a copy of the proposed ordinance is and shall be made available for public inspection in the office of the City Recorder, 418 Second Street, St. Marys, West Virginia, between the hours of 8:00 a.m. and 4:00 p.m. Monday through Friday.

THE CITY OF ST. MARYS, WEST VIRGINIA

By L. Paul Dyer
Its Mayor

Attest:

Linda K. Wilson
Recorder

First Reading December 2, 2003

Second Reading January 6, 2004

Date of Adoption January 6, 2004

Ord. #2001-10

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 931.01 OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA

WHEREAS, The Common Council of City of St. Marys, West Virginia, has determined that it is in the best interest of the citizens of St. Marys to amend the water rates charged by the City of St. Marys for the purpose of complying with State and Federal environmental regulations.

BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF ST. MARYS that Article 931.01 of the Codified Ordinances of the City of St. Marys, West Virginia, shall be amended as follows:

931.01 WATER RATES AND CHARGES

1. The initial schedule of rates and charges for the water services and facilities immediately after the passage of this ordinance shall be as follows:

(a) Rate in Gallons User Per Month.

Gallons	Rate per 1,000 gallons
First 3,000	$2.02
Next 6,000	1.84
Next 6,000	1.55
Next 15,000	1.22
All Over 30,000	.89

(b) Flat Rate. Installations which are serviced without a meter shall be charged a flat rate equal to the minimum charge per month for the size meter which would be required.

(c) Minimum Charge. No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

Meter size (inches)	Fee per month
3/4	$ 6.08
1	15.64
1 1/2	35.16
2	62.43
3	140.51
4	249.87

(d) Connection Charge. A minimum connection charge of Two Hundred Fifty Dollars ($250.00) shall be made for new customers of the water facilities. When the cost of labor, material and equipment for any connection exceeds the sum of Two Hundred Fifty Dollars ($250.00), the balance of said cost shall be paid before the connection is completed.

(e) Delayed Payment Penalty.

(1) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to net amount shown.

(2) If any bill is not paid within thirty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars($20.00).

2. The initial schedule of rates and charges for the water services and facilities two (2) months after the passage of this ordinance shall be as follows:

(a) Rate in Gallons User Per Month.

Gallons	Rate per 1,000 gallons
First 3,000	$2.41
Next 6,000	2.20
Next 6,000	1.85
Next 15,000	1.46
All Over 30,000	1.06

(b) Flat Rate. Installations which are serviced without a meter shall be charged a flat rate equal to the minimum charge per month for the size meter which would be required.

(c) Minimum Charge. No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

Meter size (inches)	Fee per month
3/4	$ 7.26
1	18.68
1 1/2	42.00
2	74.58
3	167.86
4	298.50

(d) Connection Charge. A minimum connection charge of Two Hundred Fifty Dollars ($250.00) shall be made for new customers of the water facilities. When the cost of labor, material and equipment for any connection exceeds the sum of Two Hundred Fifty Dollars ($250.00), the balance of said cost shall be paid before the connection is completed.

(e) Delayed Payment Penalty.

(1) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to net amount shown.

(2) If any bill is not paid within thirty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars($20.00).

3. The initial schedule of rates and charges for the water services and facilities immediately after the completion of the St. Marys Water Works Projects shall be as follows:

(a) Rate in Gallons User Per Month.

Gallons	Rate per 1,000 gallons
First 3,000	$2.81
Next 6,000	2.55
Next 6,000	2.16
Next 15,000	1.69
All Over 30,000	1.24

(b) Flat Rate. Installations which are serviced without a meter shall be charged a flat rate equal to the minimum charge per month for the 3/4 size meter which would be required.

(c) Minimum Charge. No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

Meter size (inches)	Fee per month
3/4	$ 8.45
1	21.74
1 1/2	48.85
2	86.73
3	195.20
4	347.14

(d) Connection Charge. A minimum connection charge of Two Hundred Fifty Dollars ($250.00) shall be made for new customers of the water facilities. When the cost of labor, material and equipment for any connection exceeds the sum of Two Hundred Fifty Dollars ($250.00), the balance of said cost shall be paid before the connection is completed.

(e) Delayed Payment Penalty.

(1) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to net amount shown.

(2) If any bill is not paid within thirty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of Twenty Dollars ($20.00).

(f) Leak Adjustment

The charge for water leaks shall be at a rate of $0.75 per 1000 gallons.

THE CITY OF ST. MARYS

By: L. Paul Ingram
Its Mayor

Attest:

Linda K. Wilson
Recorder

First Reading August 14 2001

Second Reading September 18, 2001

Date of Adoption September 18, 2001

Approved as written 11-18-97

Minutes of the regular session of the Common Council of The City of St. Marys, WV, held in chambers on the 4th day of November, 1997.

Mayor Flade called the meeting to order at 7:00 P.M.

Everyone stood for the PLEDGE OF ALLEGIANCE.

Attending the meeting were: Mayor Louis F. Flade, Cty Rec Linda Wilson, Cty Mgr Roy Hearn, Chief of Police Dallas Flowers, Councilpersons: Gene Dutton, Larry Burns, Julian Israel, and Mike Hendricks. There were also several people present from Colin Anderson Center who wished to address council.

MINUTES:

Larry Burns made a motion to dispense with the reading of the minutes of the regular session of October 21, 1997, and approve them as written. Copies of those minutes had been distributed to members of council prior to tonight's meeting.

Gene Dutton seconded.
Motion passed unanimously.

Mayor Flade deviated from the regular agenda and recognized the employees of Colin Anderson Center (CAC).

Rick Lowther spoke on behalf of the group of CAC employees.

Rick is the president of the employee council at CAC.

Rick brought with him some packets of information to share with council about the proposed correction facility at CAC. The group was present tonight to ask for council's support and to join them in their effort to get the correctional facility opened.

Mike Hendricks made a motion that council support the proposal 100%.
Larry Burns seconded.
Motion passed unanimously.

Mike Hendricks then asked Rick if everyone agreed that the recycling facility will be staying where it is...at the CAC facility.

Rick stated that that is what was stated at the town meeting on October 30, 1997.

Larry Burns stated that he felt that so far, this is the best proposal that has been made for the CA C facility. The facility will be a secured facility. It has the potential for a great many jobs.

The group thanked council for their support.

Mayor Flade returned to the regular agenda.

OLD BUSINESS:

City Manager's Report

* The run at Stadium Drive is about 2/3 complete. One more course of block has to be laid and the fence around it has to be put up.

* Cty Mgr reported that he was still working on the sound system for council chambers.

* The curb in front of the old Rite Aid building has been repaired.

* Cty Mgr asked Cty Atty about the status of the marina grant with regard to the questions that needed answered.

Cty Atty reported that as far as getting a copy of the rules and regulations regarding the bidding proceedures and other things, the legal department has informed Cty Atty that there are no written rules and regulations.

However, Cty Atty has been informed that everything in the project must be by competitive bid. The city cannot do the work themselves. The State prevailing wages will apply...not the Davis-Bacon wage rates. We must have an archaeological survey, but the State Historical Department can waive that. Cty Atty has contacted them. Someone is going to come up and see what we are going to do. They may say that there is no problem and then they may waive the survey. We do not have to have engineers and architects, but we will have to have something sufficient enough to bid the project.

Mike Hendricks referred back to a few meetings ago where Cty Mgr had implied that the $56,000.00 grant might not be enough to do all of the work in the project. Mike asked if we could delete the shelters in that case, and just do the electrical work.

Cty Mgr stated that if the bids all come in too high, we will have to delete something.

Mike went on to say that he felt that the electrical work was first priority.

Chief of Police Report

Chief Flowers submitted written reports.

He reported that Halloween went well and that there were a lot of positive comments on this year's festivities. Everyone seems to have enjoyed having the festivities downtown this year.

It was also stated that there did not seem to be as much mischief/vandalism this year.

Mike Hendricks made a motion that we hold the Halloween festivities downtown in 1998. Gene Dutton and Jack Johnson can be in charge of it next year, again.

Gene Dutton seconded.
Motion passed unanimously.

City Recorder's Report

Cty Rec reported that she was preparing to take a look at a few computer software installations She has also been on the phone with a software company and they are looking very promising.

Back to the Cty Mgr's report

Mike Hendricks had a question as to how we billed for dumpsters.

Cty Mgr reported that the fees are set by ordinance, based on what size dumpster the customer has and how many times per week they are being picked up. Cty Mgr reported that the customer is charged per lift...it does not matter if the dumpster is full or not. Our ordinance is patterned after Northwestern Disposal's rates. However, many customers that were with

Northwestern Disposal were being charged their old rates. Northwestern cannot raise the rates to their customers without going through the PSC. We do not have access to those old rates...only the current ones. If a customer would sign up with Northwestern Disposal today, they would be charged the new and current rates. Those current rates would be very close to our current rates. Council could charge the same rates as the old Northwestern Disposal rates, too, if they wanted to. They would have the change the ordinance, though.

Larry Burns asked if we could get a financial picture of how the new rates are doing.

Cty Rec stated that it is a little early just yet. The November or December reports will probably be good reports to look at. By then the influx of customers buying stickers should level out. Also, by then we should be seeing the income from the new rates plus the income from the dumpsters. The November 1, 1997 bills are the first bills to have the new rates on them. November reports will include revenues from both the old rates and the new ones. December reports should be almost entirely made up of revenues from the new rates.

City Attorney's Report

* Cty Atty asked Cty Recy for the amount due from John Butler on his past due city licenses.

* Cty Atty contacted CSX and he was promised that a copy of the contract would be forwarded. Also, someone from CSX is supposed to come and take a look at the bridge over the railroad down on Bridge Street.

* Cty Atty stated that he had forgotten to look at the ownership of the street up by Jim Heilman's house. He would look at that tomorrow.

* Regarding the settlement for Donald Street, Cty Atty had contacted the attorney in Marietta that is handling that for Mark Williams Blacktop. That attorney has not returned the call, yet.

* Regarding the application of certificate of convenience and necessity, council is aware that the PSC and the Cty Atty have had a disagreement with our ordinance. It appears that the disagreement with the PSC is wasting time. Cty Atty recommended that council re-read the ordinance and re-publish the notice.

Cty Rec thought that we had to read the ordinance, publish the notice for two weeks, have a public meeting to hear comments, then read the ordinance the second time.

Cty Atty would check and be sure.

Mayor Flade read by title only:

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 931.01 OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA.

Larry Burns made a motion to approve the ordinance upon first reading.
Gene Dutton seconded.
Motion passed unanimously.

Mike Hendricks asked Cty Atty about the meeting with the SWA. They will be meeting tomorrow at 7:00 P.M. Mike reported that he had been told that all of the recycling equipment that has been bought by the SWA for the City's recycling facility, is going to Ritchie County.

Cty Mgr did not thing that would happen. Ritchie County had heard a rumor that the Pleasants County SWA was going to dissolve. That was only a rumor. The SWA is not going to break up and if they did, they could turn the title of the equipment over to The City of St. Marys.

Cty Atty stated that perhaps we should attend the SWA meeting after all.

Committee Reports

There was nothing new to report.

Mayor's Report

* Court Lane drainage project - Mayor Flade reported that the engineer for the Soil Conservation office has resigned and we are waiting for the Soil Conservation office to hire a new engineer to continue the project.

There was some discussion regarding the erosion of the riverbank along Riverside Drive. The erosion is occurring on private property. In time, Riverside Drive itself is going to be erroded into the creek.

Cty Atty advised that the place to start looking for money is with Mollohan's office and Rockefeller's or Byrd's office.

Mayor Flade reported that those people have all been written to.

As for the Corps of Engineers protecting the island (Middle Island) with erosion control, Mayor Flade said that you must remember that the island is "in-house". They fix their own before they fix someone else's.

Mayor Flade suggested that we should start a petition and get everyone to sign it and send a copy to our representatives in Washington.

Mike Hendricks stated that we keep reading of where other places all up and down the river are getting monies to stop erosion. He wondered why we can't seem to get our problem fixed.

NEW BUSINESS:

Approval of Bills

Mike Hendricks made a motion to approve the bills for payment.
Gene Dutton seconded.
Motion passed unanimously.

Mayor Flade reminded council that the M.O.V.M.A. November meeting will be held on Wednesday, November 12, 1997, at noon, at the Parkersburg Country Club in Vienna.

On another subject, Mike Hendricks asked Cty Mgr if we needed new Christmas decorations.

Cty Mgr stated that we could use new ones. He reported that he had purchased all new bulbs for the existing decorations. That should help them a great deal.

Mike Hendricks wondered about getting some of the old decorations from Wheeling, if they were in good shape.

Mike then suggested that Cty Mgr talk to Joe Reckard and see how much money it would take to buy new ones.

Mike Hendricks made a motion to adjourn at 7:50 P.M.
Larry Burns seconded.

Approved as written. 1-20-98

Minutes of the regular session of the Common Council of The City of St. Marys, WV, held in chambers on the 6th day of January, 1998.

Mayor Flade called the meeting to order at 7:00 P.M.

Everyone stood for the PLEDGE OF ALLEGIANCE.

Attending the meeting were: Mayor Louis F. Flade, Cty Rec Linda Wilson, Cty Atty Keith White Cty Mgr Roy Hearn, Chief of Police Dallas Flowers, Councilpersons: Gene Dutton, Larry Burns, Julian Israel, Dolores Stewart, and Mike Hendricks.

MINUTES:

Gene Dutton made a motion to dispense with the reading of the minutes of the regular session of December 2, 1997, and approve them as written. Copies of those minutes had been distribut to members of council prior to tonight's meeting.

Larry Burns seconded.
Motion passed unanimously.

Mayor Flade deviated from the agenda and recognized Charlie Knight from the Volunteer Fire Department.

Charlie Knight presented council with a resolution for the fire department to take over the rescue truck from the emergency squad. The resolution was prepared by Tim Sweeney and has been signed by the fire department.

Cty Atty stated that the resolution was fine. Cty Atty advised that the equipment needs to be added to the city's insurance policies.

Charlie Knight stated that the County has agreed to take care of the additional expenses associated with the rescue equipment. (i.e. cost of insurance, anything that is purchased for the rescue equipment and operations, etc.)

Charlie stated that the fire department will keep track of everything major that is spent with regard to the rescue equipment and maybe every six months, they will turn the expenses in to the County for reimbursement.

Larry Burns recommended that it should be in writing. Cty Atty stated that he and Tim Sweeney would get together and get something in writing.

Mayor Flade read the resolution:

RESOLUTION OF THE ST. MARYS VOLUNTEER FIRE DEPARTMENT, INC.

WHEREAS, on the 13th day of December, 1997, came The Board of Directors of the St. Marys Volunteer Fire Department, Inc., for a regular meeting and with regard to its rescue truck, boat, trailer, appurtenances thereto and operations in this regard the following transpired:

Upon motion made by Terry Knight and seconded by Bob Maston and carried, it was RESOLVED, that the St. Marys Volunteer Fire Department, Inc., shall take title and possession of that certain 1981 Chevrolet rescue truck, Title No. M795616, rescue boat and trailer, Title No. W030849, and all appurtenances thereto and assume all responsibilities with regard to the operation thereof and in this regard the St. Marys Volunteer Fire Department, Inc., doth hereby request The City of St. Marys to perform such other and further acts necessary to accomplish same.

The resolution was signed by Goff L. Carpenter, Chairman of the St. Marys Volunteer Fire Department, Inc., A Corporation; and attested by Lee Ogdin, Secretary.

The resolution was approved by Louis F. Flade, Mayor, of The City of St. Marys, and attested by Linda K. Wilson, City Recorder.

Julian Israel made a motion to approve the resolution.
Mike Hendricks seconded.
Motion passed unanimously.

On another subject, Charlie Knight explained to council that the fire department has a 1982 Ram Charger that they would like to get rid of. The Sheriff's Department would like to buy it. Charlie wanted to know if the vehicle had to be put out to bid. The book price is $2700. They would like to get $3500 out of the vehicle. It has a front-mount winch on it.

Cty Atty advised that if the fire department gave it to another governmental entity, it would not have to be put out for bid.

Mayor Flade recognized French Wagner, who was in attendance.

Mr. Wagner stated that some months ago, there was a delegation present at council, and there was supposed to be a meeting held. That meeting has never been held.

Cty Atty explained that he had contacted Jim Wilson, who appeared to be the spokesperson for the delegation. Mr. Wilson had concurred that once the building in question had been sold to someone other than the Solid Waste Authority, the point became moot. There did not seem to be any reason to hold the meeting.

Mr. Wagner said that he realized that, but the people still had questions. As he saw it, it was unfinished business.

Cty Atty stated that he and councilman Hendricks had met with the Solid Waste Authority and they understood the duties of the SWA. Also, the SWA has agreed to provide council with a copy of their minutes of all of their meetings.

Mr. Wagner said that council was supposed to have a meeting with the delegation of people who were present that night, and explain everything to them.

Mike Hendricks suggested that a meeting be set up to talk to the delegation that was at the council meeting a while back. Once the meeting has been scheduled, Mr. Wagner would be contacted.

Mr. Wagner stated that it is a waste of time, now. He just brought it to council's attention that he felt that it was unfinished business. It would not have been a waste of time back when it was being discussed.

At this time, Mayor Flade opened the public meeting for discussion of the proposed increase in water rates. The time was 7:15 P.M.

Cty Atty went over the proposed increase and explained that there was a publication last spring, which was about water rate increases. The increase that is being proposed tonight is the same increase that was proposed last spring but was never adopted. There were problems with timeliness of our published notices, according to the Public Service Commission.

The increases will be phased in over a period of time. One increase will go into effect 45 days after passage. Two months after that there will be another increase, and approximately

three or four months after that the final increase will go into effect.

Cty Atty explained that our water system desperately needs improvements. The stripping tower will greatly improve the quality of the city's water. The water will not be as corrosive.

Cty Mgr went on to explain that once the improvements are completed, the water pressure will be reduced. For residents in some areas such as Harmony Acres, that will be a much needed improvement. Also, the reduction of pressure will curtail the bursting of service lines during those periods when the pressure in the lines is so great.

Cty Atty explained that the PSC will not approve the improvements to our water system unless we raise our rates. We have one of the lowest water rates in the state. Even after this increase, we will still be one of the lowest rates.

Initially, the first increase will be 39 cents per thousand for the first three thousand gallons of water. A minimum bill would increase a little over a dollar ($1.17). When the second phase comes in it will be another 39 cents per thousand for the first three thousand gallons of water, and when the final phase is complete, it will be an additional 40 cents per thousand for the first three thousand gallons of water.

When completed, rates will go from $1.63 per thousand for the first three thousand gallons used, to $2.81 per thousand. A minimum bill will go from $4.90 to $8.43...a difference of $3.54 per month.

The City believes that this will same customers money in the long run. There will be less pressure on their lines. There will be less corrosion to water fixtures. Hot water tanks should not need replaced as often. The water should also be softer.

As more water is used, the amounts of the increases actually go down. After three thousand gallons of useage, the next six thousand gallons will only be increased by 36 cents per thousand. Then the next six thousand gallons are increased by 30 cents per thousand gallons.

This increase must be done. If we do not raise rates we would have to find money from some other source. We do not charge the maximum rates on property taxes. We could raise taxes on property.

There were some citizens present who were customers of Route 16 Water Corporation. They were interested in what they would be paying for their water.

Cty Atty explained that Route 16 Water Corp. purchases water from the City of St. Marys. They pay the same rates as any other customer. Route 16 Water resells that water to their customers. They set the rates to their customers. The City has no say in what those rates will be.

There were concerns from those present on how citizens on fixed incomes were going to be able to afford the increases. One resident went so far as to say that she did not believe that the City needed to raise rates...she believed that a profit was being made currently. That same resident wanted to know where the money was going that was being collected from trash services. She believed that it was going into the water funds.

Cty Atty explained that garbage funds are solely for maintaining the garbage department. It cannot be used to subsidize the water department.

Again, the citizens in attendance expressed concern on how people on fixed incomes were going to pay the increased rates.

Cty Atty emphasized that council has always considered those factors. That is why our rates are so low and why the citizens of St. Marys have experienced so few rate increases. Cty Atty asked that everyone check the rates of water services in other towns in the Ohio Valley. They are going to find out that our rates are much lower. There comes a time, however, when rates have to increase. If we do not improve our water system, some day it will collapse and the citizens will be without water. The city would then have to come up with some major way to get big bucks.

There was some concern over the fact that this is a 72% increase. Some citizens stated that they could see a smaller increase.

Cty Atty stated that the percentage is misleading. If you charge one cent for something today and raise it to two cents tomorrow, that is a 100% increase, but it is only one cent. You have to deal with the numbers to see that the dollar amount per month will only be $3.54 on a minimum water bill.

There were questions as to when the water improvements would be completed.

Oty Atty explained that a lot would depend on how quickly the PSC would act on our case. After the rates have been approved by council upon the second reading, the PSC must approve the rates. Before they can do so, the citizens of St. Marys must be given 30 days to protest the increase. The protest must be to the PSC.

In answer to questions from the citizens, Cty Mgr explained what improvements are being planned by the City.

The City is planning to tie two wells together and run them to the proposed stripping tower. From there the water will be pumped to the existing reservoir.

The folks from Route 16 Water were still unclear as to why Route 16 Water Corp. was going to get an increase in their rates when the City of St. Marys has nothing to do with Route 16 Water Corp.

It was again explained that Route 16 Water Corp. is just another customer of the City of St. Marys. They pay the same rates as any other customer. The City of St. Marys has no control over the rates that are charged by Route 16 Water Corp. to their customers.

It was further stated that sewer rates are not increasing at this time...only the water rates.

On another subject one resident wanted to know if there was a limit to how many recycling bags could be set out. She stated that she had set out several bags and only a few of them were picked up.

After a few questions, it was determined that what she had in the other bags was Christmas wrapping paper. That is not recycleable. She needs to put that in with regular trash. Cty Rec told her to call City Hall any time she has a problem. They would get an answer for her.

Mr. Wagner had one more thing to bring up. He felt that when a street was dug up to repair water lines, the streets should be repaired and patched. He was referring to a specific place in front of Todd Lewis' house.

Cty Mgr stated that he thought that the street had been patched.

Larry Burns suggested that a blackboard could be utilized to mark down what streets have been broken up to repair water lines. The job would be left on the board until after the street had been repaired.

At this time, Mayor Flade closed the public meeting. The time was 7:47 P.M.

Mayor Flade read by title only:

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 931.01 OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA.

Larry Burns made a motion to approve the ordinance upon second reading.
Gene Dutton seconded.
Motion passed unanimously.

Mayor Flade then returned to the regular agenda.

CORRESPONDENCE:

Letters from:

1. First National Bank: Notice of Maturity on Loan (ref: Donald Street Paving). Cty Atty reported that he had discussed this with Carl Guthrie, President of FNB. That is being taken care of. It appears that the total amount of the paving project is going to be $35,000.00. Cty Atty was going to see about getting the note renewed for another couple of months in order to get the paperwork completed.

2. WVDOT re: Grant Application. Mayor Flade reported that this grant is specifically for recreational trails. However, another grant application had come in today and he had copied it to council. That application appears to be a source for funding for sidewalk construction.

Mayor Flade reported to council that the legislative session begins on January 15, 1998. He and Harold Carl are planning to go to Charleston on that day. Anyone wishing to go with them is more than welcome.

There was some question as to whether we needed to use Regional Council to complete these grants. The comment was made that we are required to pay them an annual fee. We should use them.

Mayor Flade stated that we need an estimate of what it would cost to repair and construct sidewalks. We need that before we talk to our legislators.

Dolores Stewart made a motion that the Mayor be permitted to pursue the application for a grant from the TRANSPORTATION ENHANCEMENT PROGRAM from the WV DOT.

Julian Israel seconded.
Motion passed unanimously.

Mayor Flade asked for council's help and input on the project.

Considerable discussion ensued regarding the street paving. It was determined that we should repair any bad water and sewer lines under the streets before we re-pave them. We have not applied for any grants to replace water or sewer lines. We do not have a cost estimate. We need to meet and come up with street priorities and cost estimates for service line replacements.

Councilman Larry Burns had to leave the meeting. The time was 8:00 p.m.

When it comes to replacing service lines, there should not be that much labor involved. We have to pay the city crew, anyway.

Julian Israel recommended that we sit down sometime and discuss this in detail. We need to have the meeting right away. We need figures before we go talk to our legislators.

Off the subject, Cty Mgr was asked about the status of the marina bid package for the upgrades. Cty Mgr stated that the bid package was ready. We have to wait for the Dept. of Culture & History to determine if we will be required to do an archaeological survey. We will then advertise for bids.

Back to the date of a meeting, it was set for tomorrow at 2:00 P.M.

City Manager's Report

* The run at Stadium Drive is now complete.

On that subject, Mayor Flade reported that a grant for that project had been applied for twice. The application was for $340,000.00. We did the project with a donation from the State Department of Highways (for the culverts), and with labor by our city workers. The labor and equipment probably cost the City $8000.00.

* Status of the bid package for the marina upgrades. Cty Mgr hoped that we could get it advertised for bid maybe next week.

* Sound System for Council Chambers. Cty Mgr copied to council bids from Miller Communication and Radio Shack. Miller's bid was $2499.00. Radio Shack's bid was for $804.12. We would do the installation.

* PRT Right of Way - Cty Mgr stated that he needed to call Ken Fisher and see what the hold up was.

Back to the subject of the sound system, there was some question as to whether we were going to try to rearrange the council dais. It was decided that more discussion was needed. We would discuss it tomorrow at the meeting.

On another subject, Benny Thieman (owner of Pizza Station Shack) has complained that people who work in the area businesses are taking up the prime parking spaces and leaving their cars in those spaces for the entire day. Cty Mgr had explained that there is a two hour time limit on the parking spaces in town.

When asked if the police department was checking on the two hour parking, Chief Flowers reported that the officers weren't checking too much. He would have the day shift step up the patrolling of the two hour parking.

* On another subject, Cty Mgr received a letter from Major Rick Lower of the Division of Corrections, requesting permission to place an antenna at the Mount Carmel Water Tank . Mr. Lower said that he would take care of any repairs to the fence or mowing of the grass or anything, if council would give permission to put the antenna there. The antenna is in conjunction with the prison facility that is going into the Colin Anderson Center.

Gene Dutton recommended that it be put in writing. No action was taken.

* Cty Mgr reported that Dave Cottrill, owner of The Wax Cellar, was requesting permission to put a 48 foot trailer behind the Ben Franklin Store, on Dewey Avenue. He has a contract to fill 160,000 glasses with wax. He is going to hire about 15 employees to do this job. It will be there three to four weeks. It is a box trailer.

There was some discussion as to other places that the trailer could be parked. Cty Mgr stated that this was the best location to park the trailer. It would cause less conjestion there than any other place. Cty Mgr said that he had talked to the people up around there and it did not seem to bother them. He did not get a chance to talk to Mrs. Davis, there on the corner.

Chief Flowers recommended that we give them permission to park the trailer there as long as no problems arise. If problems arise, we would need to address them at that time.

It was council's opinion that they did not want to run anyone out of business. This request was a one-time deal.

Dolores Stewart made a motion to grant the request and to monitor the situation for problems. Gene Dutton seconded.
Mike Hendricks opposed, stating that no one has talked to those people across the street. Motion passed.

Cty Mgr stated that he would continue to try to contact Mrs. Davis and ask her if she had a problem with the trailer being parked there for 30 days.

* Cty Mgr reported that we have received the electric bills for the Mt. Carmel Ridge and the Harmony Heights water tanks. He had estimated the wages paid for the time it took to read the meters in the water extension. The expenses came to about $1428.00. That is for September and October.

Cty Rec reported that the water revenues for residential customers is up about $2000.00 over this same time period last year. Those figures were based on the October reports and were reported at the last council meeting. Cty Rec thought that the new customers on the extension did not receive their first bills until August or September.

Mike Hendricks asked that Cty Rec put together actual figures and compare actual revenues to expenditures.

Next, Mike asked about the overtime in the police department.

Cty Rec reported that the figures that she had were through September 30, 1997. What she did was to go back and pull out the hours and dollars that had been charged to the police department in overtime only. Comparing the first three months of 1997 to the first three months of 1996, it was noted that 1997 overtime is down by $641.66. That is about 65 hours of overtime. The question that needed answered was, why did they work that overtime? In the first three months of both years, there was exactly 224 hours of overtime that was due to sickness, vacation, and training.

The question was asked, how much would we have paid out if the extra shift in the police department had been covered. Cty Rec reported that it would have amounted to an additional $1470.00 (no benefits are in that figure). Cty Rec further reported that the dollars spent in overtime last year were also at a lesser rate of pay. Even with the pay increase, we are still seeing a savings of $641.66 in the first three months of this year compared to last year. That would be a savings of about $2400.00 per year.

* Cty Mgr reported that State Surplus has another step van that is a 1987 model. They are asking $3000.00. Cty Mgr said that he would be interested in it if it is in good condition. He would like to have it for the water department. We would have to get rid of one of our trucks. It is similar to our recycle van. They are all aluminum. There should be that much money in depreciation funds. Cty Rec concurred.

Dolores Stewart made a motion that Cty Mgr be permitted to go look at the van and if Cty Mgr thinks that it is OK, then he can get it.

Julian Israel seconded.

Mike Hendricks said that he thought that we should offer them $2000 or $1500.

Cty Mgr said that he would barter with them.

Call for the question. Motion passed unanimously.

Chief of Police Report

Chief Flowers submitted a written report for the month of December and a written report for the year, 1997.

* Chief Flowers asked Cty Mgr to check with the folks that want to install the antenna at our water tank and find out what frequency it is. Find out if it is compatible with the polices' frequency.

* Chief Flowers asked permission to attend the WVML Conference.

Dolores Stewart made a motion that he be permitted to attend.

Mayor Flade noted that other communities send their Chiefs.

Gene Dutton seconded.
Motion passed unanimously.

* Chief Flowers requested permission to send Jim McFarland to a Seminar in Clarksburg. The seminar is in reference to updating the law enforcement firearms policy for the department. The cost is $99. We have not done an upgrade for some time and it should be done. The class begins at 8:00 a.m. and is only a one-day class.

Cty Atty recommended that we upgrade our firearms policy. It is important.

Dolores Stewart made a motion that he be permitted to attend the seminar. No accomodations should be necessary.

Gene Dutton seconded.
Motion passed unanimously.

* Chief Flowers reported that he had been approached by Danny Chandler regarding an alarm in the elevator in the professional building. It is some kind of device that would ring at City Hall if someone got stuck in the elevator due to power failure or something. They could push a button to let someone know that they were there. Chief Flowers thought that this was an effort to cut down on their liability. Chief Flowers told Danny that he would bring it before council and see if they would approve it and if there would be any fee involved.

Cty Rec stated that we charge other entities an annual fee of $100.00 for monitoring alarms.

cc: Art Boggs
Senator Boley

Approved on 03/05/02 as written.

Minutes of the regular session of the Common Council of The City of St. Marys, WV, held in chambers on the 19th day of February, 2002.

Mayor L. Paul Ingram called the meeting to order at 7:00 p.m.

Everyone stood for the PLEDGE OF ALLEGIANCE.

A moment of silence was observed in honor of the late Julian Israel, a former councilperson.

Those in attendance were: Mayor L. Paul Ingram, Cty Rec Linda K. Wilson, Cty Mgr Roy Hearn, Cty Atty Keith White, Chief of Police Dallas Flowers, Councilpersons: Gene Dutton, Larry Burns, Mark Hadley, Paula Wince, Lyle Meeks, and Mike Hendricks.

MINUTES:

Larry Burns moved to dispense with the reading of the minutes of the regular session of February 5, 2002, and approve them as written. Copies of those minutes had been distributed to members of Council prior to tonight's meeting.

Mark Hadley seconded the motion.
Motion passed unanimously.

GUESTS:

Randy Britton presented Council a petition signed by residents on Sixth Street who were in support of making the temporary stop sign on Sixth Street, permanent. Randy stated that the sign has helped to slow traffic down.

Mayor Ingram stated that Council could not act on the issue tonight. It would be placed on the next agenda.

OLD BUSINESS:

Cty Atty asked permission to make his report out of turn. He had left another meeting to come to Council, and he needed to get back to the other meeting.

There were no objections from Council.

City Attorney's Report

* Cty Atty reported that we do not need a new littering ordinance. We need to change our index to reflect that you can find littering statutes under the section of the code entitled "Streets".

* Repealing the Ordinance that created a Sanitary Board – Jackson and Kelly determined that we do not need a Sanitary Board. Council acts in that capacity.

Mayor Ingram read by title only:

AN ORDINANCE REPEALING ORDINANCE NO. 2001-3, AN ORDINANCE OF THE COMMON COUNCIL FOR THE CITY OF ST. MARYS CREATING A SANITARY BOARD TO ACQUIRE, CONSTRUCT, EQUIP, OPERATE AND MAINTAIN A SEWAGE COLLECTION AND DISPOSAL

SYSTEM OR SYSTEMS WITHIN AND/OR WITHOUT THE CORPORATE LIMITS OF THE CITY OF ST. MARYS, WEST VIRGINIA, AND TO VEST IN SUCH BOARD THE CUSTODY, ADMINISTRATION, OPERATION, MAINTENANCE AND CONTROL OF SUCH SYSTEM OR SYSTEMS.

Lyle Meeks moved to approve the ordinance upon first reading.
Mark Hadley seconded the motion.
Motion passed unanimously.

* Ordinance regarding Crossing Guard – The ordinance places the crossing guard under the supervision of the Chief of Police. The Chief supervises, hires, and fires the crossing guard according to our ordinance. The part of the ordinance that was in question is the part that says the crossing guard shall be no part of the police department or in any way associated or connected therewith. The reason that was done, was to insure that the crossing guard would not be subject to the benefits that the policemen are subject to, they would not have the right to control traffic, they would not be able to make arrests, etc. They would not be policemen with police powers. Cty Atty did not feel that the City would want to change that.

Lyle Meeks stated that the question he had was, from what department should the crossing guard be paid?

Cty Atty advised that it would be a budgetary matter. He could be paid from wherever Council decided to pay.

Lyle Meeks made a motion to strike the item from the agenda.
Paula Wince seconded the motion.
Motion passed unanimously.

* Ordinance re: Parking fines. Cty Atty explained that this ordinance increases the parking fines from one dollar to five dollars. If the fine is not paid within twenty-four hours the fine will go to ten dollars. Our current ordinance's fine is $2.00. Cty Atty went on to explain that the only changes are in paragraph (b) and (c). Where our current ordinance says one dollar, the new ordinance says five dollars, and where our current ordinance says two dollars, the new ordinance says ten dollars.

Mike Hendricks pointed out that the ordinance makes reference to parking meter fine depositories installed upon parking meters. We do not have those anymore.

Cty Atty stated that if Council so chose, they could approve the ordinance upon first reading, subject to that change.

Mayor Ingram read by title only:

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 363.11 OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA.

Larry Burns made a motion to approve the ordinance upon first reading subject to the changes.
Lyle Meeks seconded the motion.
Motion passed unanimously.

* Condemnation of property at 105 Creel Street – Cty Atty reported that it would be filed before March 1, 2002, unless he gets an answer to the letter before that date.

* Contract with Route 16 Water Corp – Cty Atty talked to Phil Melick from Jackson & Kelly, and they will be dealing with that.

* Ordinance re: Sewer rate increase – 1st reading.

Cty Rec stated that the ordinance would increase rates to cover current deficits. Our water department is currently subsidizing our sewer department. We have used up all surpluses and cannot operate on current revenues. Even if we did not upgrade our sewage treatment facility, this increase is desperately needed. Sewer rates have not been increased since 1979. We know for a fact that we will, however, be upgrading the sewage plant in the very near future and that project will cost upwards of 2 million dollars. When that project is complete, another increase will be necessary to cover the bond indebtedness. Raising rates now will help build a surplus that will hopefully reduce the amount of money that has to be borrowed in the future. The less we have to borrow, the less the rates will have to be increased when the project is complete.

The increase will be about 74%. A minimum bill for 3000 gallons will increase from $5.55 to $9.63. That is an increase of $4.08 on a minimum bill.

Phil Postlewait, CPA, is the one who developed these rates based on figures that were given to him by Cty Rec and Cty Mgr and from PSC reports.

Larry Burns made a motion to approve the ordinance upon first reading.
Mark Hadley seconded the motion.
Motion passed unanimously.

Cty Atty had to leave and return to some other meeting.

City Manager's Report

* Cty Mgr asked for permission to attend the annual Governor's Conference, on March 17, 18, 19, 2002.

Mike Hendricks so moved.
Paula Wince seconded the motion.
Motion passed unanimously.

* Cty Mgr asked for permission to send Holly West to the PSC seminar at Flatwoods, WV, on March 12 – 13, 2002.

Larry Burns so moved.
Mike Hendricks seconded the motion.
Motion passed unanimously.

* Engineering cost for waterlines and fire hydrants on Main Street – Cty Mgr had obtained an estimate of $3710.00. The quote was from the engineer that is working on the Downtown Project, and so he was familiar with everything. If we go with another engineer the bid will probably be in the neighborhood of $5000 - $6000.

It was determined that the engineering would have to be put out for bid.

Lyle Meeks made a motion that we bid out the engineering.
Mark Hadley seconded the motion.
Motion passed unanimously.

Cty Mgr was asked to patch the hole on Morgan Avenue.

Chief of Police Report

Update re: Fire Lanes at SMHS – There was discussion regarding the need for an ordinance to designate fire lanes. Currently, the Board of Education wants the fire lane. As long as they continue to want it there, we have no problem. If they decide sometime that they do not want that to be a fire lane, they could simply remove it if we do not have an ordinance.

Dan Greenleaf, a member of the Board of Education was in attendance and stated that the State Fire Marshall checks on that fire lane periodically. The Board would like to see better signage and perhaps a brighter paint to mark the fire lanes. Dan went on to say that it would stay a fire lane because the State Fire Marshall says so.

Mike Hendricks suggested that someone should talk to the Cty Atty before we have him write the ordinance. If we do not need the ordinance, we should not have the Cty Atty write it up.

City Recorder's Report

* Thursday afternoon closings – Cty Rec reported that she would like to see it be made permanent. Now that the office has extra duties with the closing of the dispatch, it is needed more than ever. We have many more calls to answer and deal with for the police department. People have gotten used to us being closed.

Lyle Meeks asked how the office personnel would feel about working a Saturday morning once a month.

Cty Rec did not feel that there was a need for it. There is a night deposit box on the front of the building. Anyone wishing to make a payment can put it there.

Mark Hadley stated, "It's just hard to validate to the public that we are closed on Thursday afternoons just so we can do city business. We are here to serve the public. We can't just say we are closed on Thursday afternoons because we need to be. That just doesn't work."

Gene Dutton made a motion to go back to the way we were...staying open on Thursday afternoons.
Lyle Meeks seconded the motion.
Paula Wince and Mike Hendricks voted against the motion.
Motion passed.

Mayor's Report

* Sewer Upgrade – Mayor Ingram recommended to Council that we proceed with our sewer upgrades, without the Division of Corrections.

Mike Hendricks made a motion that we move on with our upgrades, excluding the prison.
Paula Wince seconded the motion.
Motion passed unanimously.

* Issues and Concerns – Mayor Ingram reported that he had brought in two things this evening. One was from PORT-MAR Garden Club requesting Council's support for a project. The other was from the City Hall Improvement Committee asking the City to advertise for bids for the carpet. Mayor Ingram asked that the two items be placed on the next agenda.

NEW BUSINESS:

Resolution/permission to apply for grant for walking trail at marina

There was nothing on this at this time.

Discussion re: Funding for Street Paving and Water line replacement

There was nothing at this time.

Approve bid for VFD walkie talkies

Mark Hadley explained that the fire department was in need of three portable radios. Two bids were received. One bid was from Miller Communications for $2577.00. The second bid was from Franklin Fire Equipment for $2753.75. The radios were identical. Miller Communication was the low bid. The fire department would like to ask Council to approve the low bid from Miller.

Lyle Meeks so moved.
Gene Dutton seconded the motion.
Motion passed unanimously.

Gene Dutton asked to return to the discussion of street paving and waterline replacement.

Cty Rec explained that it was for Downtown only (Main Street).

Discussion ensued regarding advertising again for bids for resurfacing Riverside Drive and Creel Street.

City Atty returned.

Cty Mgr reported that when the resurfacing was bid, curbs were to be repaired as part of the project.

Mike Hendricks thought that we should bid the job out. When we get the bids, we could decide if the City wanted to do the work themselves and we would be able to determine how much money could be saved.

Approval of Bills

The following bills were submitted for approval:

General Fund	$1,687.59
Special Levy Fund	556.00
Water/Sewer Fund	3,585.92
Refuse Fund	708.15
Total All Funds	$6,537.66

Larry Burns made a motion to approve the bills for payment.
Mark Hadley seconded the motion.
Motion passed unanimously.

Cty Atty clarified that when he prepared the fire lane ordinance, it would address all of Council's concerns.

Cty Atty advised that regarding the engineering for the Main Street water improvements, we needed to bid that out.

Randy Britton wanted to know if any action was going to be taken regarding the stop sign on Sixth Street. He thought it would be acted upon tonight. That is why he had presented the petition and gotten the residents to attend tonight's meeting.

The subject was not on the agenda. No action could be taken. It would be on the next agenda.

A budget session was scheduled for Friday, February 22, 2002 at 4:00 p.m.

Lyle Meeks asked that on the next agenda, Cty Rec put on there, discussion regarding Holly West spending some time on follow-up things from Council meetings.

Adjournment

Lyle Meeks moved to adjourn.
Gene Dutton seconded.

Meeting adjourned at 7:55 p.m.

cc: Art Boggs
Senator Boley

Approved on 03/14/02 as written.

Minutes of the regular session of the Common Council of The City of St. Marys, WV, held in chambers on the 5th day of March, 2002.

Mayor L. Paul Ingram called the meeting to order at 7:00 p.m.

Everyone stood for the PLEDGE OF ALLEGIANCE.

Those in attendance were: Mayor L. Paul Ingram, Cty Rec Linda K. Wilson, Cty Mgr Roy Hearn, Cty Atty Keith White, Chief of Police Bill Stull, Councilpersons: Gene Dutton, Mark Hadley, Larry Burns, Lyle Meeks, and Paula Wince. Councilperson Mike Hendricks was absent.

MINUTES:

Lyle Meeks moved to dispense with the reading of the minutes of the regular session of February 19, 2002, and approve them as written. Copies of those minutes had been distributed to members of Council prior to tonight's meeting.

Paula Wince seconded the motion.
Motion passed unanimously.

GUESTS:

Debbie Meeks – Debbie explained that she represented a small group of people who were interested in creating a museum and would be known as a cultural center. Debbie gave members of Council an outline of the stages of development of the group and the work that this group intends to do as far as researching the idea and carrying it out.

Tonight the group was asking Council to support their efforts to become a legal museum commission, according to the WV Code. They needed to be insured either through the City or the County. They were asking that this be a joint venture with the County.

The group was also asking for help in securing a possible site for a cultural center. The property that is under consideration is the Sonny Satterfield property at the south end of Second Street. The property is adjacent to city-owned property. They felt that it would be in the City's best interest to help purchase that property. The group was asking for two years to make this project happen. If at the end of two years, the project has not happened, the property would revert back to the City and it would belong to the City.

Lyle Meeks made a motion to give a resolution from the City to the Museum Commission to support their project.

Mark Hadley seconded the motion.
Motion passed unanimously.

Dorothy Elder – Dorothy stated that she had appeared before Council several months ago and complained about a problem she was having with birds. Her neighbor is feeding birds and those birds are perching on her kitchen windowsill. The droppings from the birds are a health hazard to her. The feeders are attracting birds in flocks.

Dorothy also wanted to express her concern about the increase in the sewer rates. Dorothy wanted to know if Council had considered discounts for senior citizens.

Mayor Ingram reported that discounts were not considered. Sewer rates have not been increased since 1979. We are going to have a deficit in the sewer department. We need to raise the rates to cover the deficit.

Mark Hadley stated that the majority of residents in the community are senior citizens: If we gave them a discount we would be back where we started. Discounts were not an option.

Cty Atty did not think that the Public Service Commission would allow tiered rates for water and sewer.

Back to the discussion regarding birds, Mark Hadley stated that there was nothing the City could do. We could not force someone to move something [bird feeders] on their own property.

Dorothy suggested that Council regulate the distance that a bird feeder could be erected from other peoples' property.

Ilene Fricker suggested that Council run an article in the paper asking people to voluntarily decrease the amount of bird-feeding that they do.

Mayor Ingram suggested that the residents use noise makers to scare away the birds.

Larry Burns recommended that we put this on the agenda for next meeting. In the meantime, the city attorney can find out what we legally can do.

Mayor Ingram recognized Boy Scout Troop #28 who was in attendance just to observe.

CORRESPONDENCE:

Letters from:

1. PORT-MAR Garden Club requesting permission to landscape the area surrounding the Creel Monument on Route 2. The goal is to have a landscape expert submit a plan for an attractive planting that will also grow well in that location. They were asking for Council's support on the project.

Lyle Meeks made a motion to support the project.
Paula Wince seconded the motion.
Motion passed unanimously.

2. City Hall Improvement Committee – The committee was asking the City to bid out the paneling. The estimate for paneling was around $1000.00.

Cty Mgr would check to see if paneling was included in the state contracts.

Lyle Meeks made a motion to bid the paneling.
Paula Wince seconded the motion.
Motion passed unanimously.

3. Henderson House re: relocation – The Pleasants County Commission has been given the opportunity to acquire a two-story house to be relocated in downtown St. Marys.

The project involves the relocation of the "Henderson House" currently located on Cytec Industries' property. Plans are in process to secure property on Second & Creel Street in St. Marys for the purpose of a civic and cultural facility that would accommodate those organizations promoting services to our areas.

With a large conference room on the first floor that could be used for board meetings, training classes and exhibits, this building also has several nice size offices that would accommodate our Historical Society, Pleasants County Community Foundation as well as office space for our Community Care program freeing up rent cost for these groups.

The project would include joint efforts by the Commission, The City of St. Marys and the organizations mentioned above.

It is expected to cost $30,000.00 for moving and placement onto the new foundation. There was a request for assistance in securing funds for the actual relocation of the building.

The restoration of one of Pleasants County's oldest homes to be placed on historical Creel Street along with providing the much needed facilities to these vital organizations would come at a perfect time as we prepare for our "Downtown Revitalization" project.

Lyle Meeks reported that a grant application for $30,000.00 has already been submitted by the County. Lyle went on to say that he liked the program and would like to see us enter a joint venture with the County to do this.

Therefore, Lyle Meeks moved that we enter a joint venture with the County regarding the Henderson House.

Gene Dutton noted that the grant was just for relocating the house. He wanted to know who was going to pay for the property on which the house would sit. Gene also went on to say that he was in favor of working with them. However, he did not think we should commit ourselves until we have more information.

Cty Atty reported that the property to where the house will be relocated, is going to be sold on the Court House steps on Friday. We cannot sit on this if we are interested in the property.

There was some discussion regarding the City using a part of that property to create another entrance to the public works area.

Paula Wince seconded the motion to enter into a joint venture with the County regarding the Henderson House. Motion passed unanimously.

Lyle Meeks made a motion to authorize the Mayor to determine a just price to bid, on the City's behalf, to acquire the Sonny Satterfield property. The money would come from the General Fund.

Paula Wince seconded the motion.
Gene Dutton opposed the motion.
Motion passed.

OLD BUSINESS:

City Manager's Report

* Cty Mgr reported that he had to re-bid the engineering of the Main Street water improvements. He had bid the wrong thing. We requested bids on the improvements instead of the engineering.

* Discussion re: the temporary stop sign on Sixth Street – Lyle Meeks circulated a petition that was obtained by Evelyn Stanley. She said that she had gotten 18 names on the petition in just five minutes.

Chief Stull reported that the police department had not issued any citations for running the stop sign. They had been stopping people and letting them know that they ran the sign but they did not want to issue citations until Council made it permanent.

Chief Stull reported that the complaints have gone down. He had no opinion regarding the sign. If Council wanted to leave it up on a trial basis for a little longer, that would be fine, too. Chief Stull reported that they had written about 20 speeding citations on Sixth Street. That word is getting out. The speeding complaints have gone down. Council may want to take the sign down and see if the complaints resume. We could revisit the issue at that time.

It was decided to leave the sign up and leave the item on the agenda.

* Cty Mgr asked for permission to apply for a recycle grant through DNR.

Larry Burns so moved.
Gene Dutton seconded the motion.
Motion passed unanimously.

* Cty Mgr reported that the DOH did a survey in front of St. Marys Ford and they would like to see NO PARKING on the right side of the southbound lane for about 400 feet from Washington Street to George Street. They say that cars pulling out of George Street cannot see approaching traffic from the north. This needs to be on the next agenda for discussion and action.

Chief of Police Report

* There was nothing to report regarding part-time officers.

* The executive session could wait until the end of the agenda.

* Replacement of radio equipment could be taken off of the agenda. The radios were repaired.

City Recorder's Report

* Cty Rec asked for permission to attend the GASB 34 training given by the State Auditor's Office. The training is for the implementation of the new financial reporting requirements.

Cty Rec also asked for permission to attend the WVGFOA Conference in Wheeling in May.

Lyle Meeks made a motion that the Cty Rec be permitted to attend both the training and the conference.
Gene Dutton seconded the motion.
Motion passed unanimously.

* Cty Rec announced that the WV Clerks and Recorders Association had submitted a bid to host the International Municipal Clerks Conference in the year 2006. We won the bid and in 2006 the IIMC Conference will be held in Charleston, WV. The WV Clerks are very proud of this accomplishment. It is going to require a tremendous amount of time and effort for the WV Clerks. They are up to the challenge and are preparing for the best conference, ever, for this organization.

City Attorney's Report

* Ordinance re: Sewer Rate Increase – 2nd reading

Mayor Ingram read by title only:

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 931, SECTION 931.03, AND ARTICLE 935, SECTION 935.10, OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA.

Lyle Meeks made a motion to approve the ordinance upon second reading.
Mark Hadley seconded the motion.
Motion passed unanimously.

* Cty Atty asked that item C should be removed from the agenda. When we get our sewer project defined, there will be a new letter from DEP outlining items that will need completed.

* Collection of B&O taxes from the CSX contractors – Cty Atty reported that the suit is ready and will be filed in Circuit Court.

* Condemnation proceedings are ready for the property at 105 Creel Street. That will be filed the first part of next week.

* Ordinance re: Increase in parking fines – 2nd reading.

Mayor Ingram read by title only:

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 363.11 OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA.

Mark Hadley made a motion to approve the ordinance upon second reading.
Lyle Meeks seconded the motion.
Motion passed unanimously.

* Ordinance re: Repealing Sanitary Board – 2nd reading.

Mayor Ingram read by title only:

ORDINANCE REPEALING ORDINANCE NO. 2001-3, AN ORDINANCE OF THE COMMON COUNCIL FOR THE CITY OF ST. MARYS CREATING A SANITARY BOARD TO ACQUIRE, CONSTRUCT, EQUIP, OPERATE AND MAINTAIN A SEWAGE COLLECTION AND DISPOSAL SYSTEM OR SYSTEMS WITHIN AND/OR WITHOUT THE CORPORATE LIMITS OF THE CITY OF ST. MARYS, WEST VIRGINIA, AND TO VEST IN SUCH BOARD THE CUSTODY, ADMINISTRATION, OPERATION, MAINTENANCE AND CONTROL OF SUCH SYSTEM OR SYSTEMS.

Lyle Meeks made a motion to approve the ordinance upon second reading.
Gene Dutton seconded the motion.
Motion passed unanimously.

* Ordinance re: Fire Lanes – 1st reading.

Mayor Ingram read by title only:

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO

AMEND ARTICLE 361.17 OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA.

Lyle Meeks made a motion to approve the ordinance upon first reading.
Paula Wince seconded the motion.
Motion passed unanimously.

Cty Atty went on to explain that currently, there is only one fire lane in St. Marys. As others are deemed necessary, the Chief of Police and the Fire Chief will designate the fire lanes and report back to Council. Once approved by Council, the designation of the fire lane shall be kept as a part of the minutes of that meeting. Fire lanes will not be named in the ordinance.

Mayor's Report

* Issues and Concerns – Mayor Ingram asked Cty Rec to write letters to all business property owners on Main Street and explain that we do have an ordinance and the businesses should be cleaning their sidewalks in front of their properties. If they do not clean their sidewalks, the City will do it and bill them.

Cty Rec said that she would write the letters. Chief Stull offered to hand-deliver them to save postage.

* On another subject, Chief Stull reported that the bill relating to ATV's is probably not going to pass the legislature this year. We do, however, have problems with ATV's in St. Marys. Chief Stull felt that they had no place on the side streets and alleys in town. Chief Stull submitted some suggestions to Council and asked them to review it. We could discuss it at the next meeting.

Resolution/Permission to apply for grant for walking trail at marina

Lyle Meeks was asking for permission to enter into a joint venture with the County to apply for a grant for the walking trail at the marina.

Mark Hadley made a motion to apply for a grant for a walking trail for the marina.
Paula Wince seconded the motion.
Motion passed unanimously.

NEW BUSINESS:

Approval of annual agreement with Walter Drane Co. to update the City Code

Cty Rec reported that a few years ago, Council decided that we would update our City Code annually instead of waiting until we had several years' of ordinances. We began budgeting for the updates annually. We had 16 new/amended ordinances in 2001. In addition to those, Walter Drane Co. also updates changes to the State Code that affected our City Codes.

Cty Rec was asking Council for authorization for the Mayor to sign the agreement to update our City Code.

Larry Burns so moved.
Gene Dutton seconded.
Motion passed unanimously.

Mark Hadley suggested that we do a price check on some other vendors next time to make sure that Walter Drane Co. is still competitive.

Approve list of VFD officers for 2002

The following roster was presented for approval:

LINE OFFICERS		SOCIAL OFFICERS		BOARD OF DIRECTORS
Chief:	Charlie Knight	President	Terry Hadley	Ward Gross
Asst.	Terry Knight	Vice President	Harvey Hatfield	Mark Hadley
Asst	Steve Knight	Sec/Treas.	Lee Ogdin	Dick Neely
Asst.	Lee Ogdin			Bob Maston
Safety	Goff Carpenter			Goff Carpenter
Safety	Dick Neely			
Lieut.	Bob Maston			
Lieut.	Terry Hadley			

Lyle Meeks made a motion to approve the slate of officers.
Gene Dutton seconded the motion.
Mark Hadley abstained.
Motion passed.

Discussion re: Patrolmen's pay

Chief Stull submitted the following recommendations:

1. Any officer that has been hired, as a new member to the police force shall be called a probationary officer, and must complete a probation period of six months. During that time the Chief of Police shall rate him or her monthly on their job performance. Upon the closing of the six-month period the Chief of Police will bring before City Council his report on the probationary officer. Based on the facts of this report he shall make the recommendation whether to keep the officer on with the Police Department.

2. If the member hired has not been trained at the West Virginia State Police Academy and is not a Certified Police Officer then he or she shall be paid at the rate of $9.75 an hour during the probation period of his or her first six months. Once the probationary officer has passed the six-month probationary period, and whether he or she has been through the Academy or not, he or she will then rise to the pay rate of $10.10 an hour until he or she has completed the Academy as then a Basic Officer.

3. Basic Officer will be an officer who has been certified by the State of West Virginia as a police officer. The rate of pay for a basic officer during the probationary period will be $9.75 an hour. Once the probation term has ended, the Chief of Police will bring the Basic Officers' six-month performance rating before City Council to be reviewed.

4. Police Officer will be the rank of any officer who has passed his or her probation period and is a certified police officer by the State of West Virginia's standards. That police officer shall be paid at the same rate of pay as each police officer in this police department as set by the City Council each year.

5. This should be revisited each year during budget discussions, and adjustments made at that time if probable.

Lyle Meeks made a motion to approve the recommendations as submitted.

Gene Dutton felt that Council should look over the recommendations and think about them for a while before making a decision.

Mark Hadley stated that only one officer would be affected by this, right now. The other officers are making the highest pay rate.

Gene Dutton further stated that our new chief of police in September will be making $10,000.00 more than he was hired in at. Gene did not feel that we should make a decision on this tonight. It needed further consideration.

Paula Wince seconded the motion to approve the recommendations.
Gene Dutton opposed the motion.
Motion passed.

Purchase of City lapel pins and more City flags

Cty Rec reported that the Mayor had asked her to check into the lapel pins. Cty Rec was familiar with several companies that made them. She knew of a company in WV that made them. She also went on the internet and obtained a couple of quotes. The prices are not that much different. It will cost around $500.00 to get between 250 or 300 pins.

The big problem is the cost of obtaining more City flags. The ones that we purchased over ten years ago were purchased for around $30.00 each. They were purchased with St. Marys Conference Committee funds and were resold as a fund-raiser. Back then, we purchased 25 – 30 flags.

Those same flags are now $42.00 each if purchased in quantities of 25 flags or more. That makes the total a little over $1000.00.

Cty Rec's question to Council was whether they wanted to pursue more flags. Cty Rec can continue to look for flags somewhere, but if this is going to be the cost, she wanted to know if Council felt that we needed to maintain a supply of City flags.

It was pointed out that we would be flying it at City Hall and at the marina. It was the general consensus of Council that we should keep our City flag.

Cty Rec suggested that we ask the St. Marys Conference Committee if they felt that they could give a little on the purchase of the flags.

Holly spending time on follow-up things from Council

Lyle asked that we take that off the agenda. He has something else in mind, now.

Approval of Bills

The following bills were submitted for approval:

General Fund	$ 894.07
Special Levy Fund	1,136.93
Water/Sewer Fund	452.47
Refuse Fund	210.38

Total All Funds $2,693.85

Lyle Meeks made a motion to approve the bills for payment.
Paula Wince seconded the motion.
Motion passed unanimously.

Executive Session

Lyle Meeks made a motion to go into executive session under 6-9A-4 of the WV Code for discussion of personnel. The time was 8:17 p.m.

Paula Wince seconded the motion.
Motion passed unanimously.

Regular session reconvened at 8:46 p.m.

Lyle Meeks made a motion to interview the three police applicants on March 13, 2002 at 10:00 p.m.
Motion was seconded.
Motion passed unanimously.

Lyle Meeks also asked that police rank and pay be put on the next agenda.

A budget meeting was set at 10:00 a.m. on Tuesday, March 12,2002.

Adjournment

Lyle Meeks made a motion to adjourn.
Paula Wince seconded the motion.

Meeting adjourned at 8:48 p.m.

INVOICE AND AFFIDAVIT OF PUBLICATION

St. Marys Oracle

Ph. (304) 684-2424 • Fax (304) 684-2426
P.O. Box 27, St. Marys, WV

WEST CENTRAL PUBLISHING
FEDERAL I.D. NO. 55-06700561
STATE OF WEST VIRGINIA
COUNTY OF PLEASANTS, to wit:

I, James McGoldrick, being first duly sworn upon my oath, do depose and say

- that I am Publisher of The St. Marys Oracle, a Democratic newspaper,
- that I have been duly authorized to execute this affidavit,
- that such newspaper is regularly published weekly for at least fifty weeks during the calendar year, in the municipality of St. Marys, Pleasants County, West Virginia.
- that such newspaper is a newspaper of "general circulation" as defined in Art. 3, Chap. 59 of the Code of West Virginia 1931 as amended, within St. Marys and Pleasants 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 or consideration;
- that such newspaper is a newspaper to which the general public resorts for passing events or a political, religious, commercial and social nature and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices;
- and that the annexed notice described as follows:

Ordinance Notice

WAS PUBLISHED IN SAID NEWSPAPER AS FOLLOWS:

TIMES	DATES
Two	Feb. 20 and 27, 2002

PUBLICATION CHARGES	$181.92

CERTIF-BILL TO
Jackson & Kelly PLLC
Attn: John Philip Melick
P.O. Box 553
Charleston, WV 25322-0553

(signed) James McGoldrick

NOTARIZATION

Taken, sworn to and subscribed before me this 28th day of February, 20 02

Randa Dare Gregg
Notary Public

OFFICIAL SEAL
Notary Public, State of West Virginia
RANDA DARE GREGG
ROUTE 1, BOX 247
ST. MARYS, WV 26170
My Commission Expires August 7, 2006

AN ORDINANCE OF THE COMMON COUNCIL OF the CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 931, SECTION 931.03, AND ARTICLE 935, SECTION 935.10, OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA

BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF ST. MARYS that Article 931, Section 931.03, and Article 935, Section 935.10, of the Codified Ordinances of The City of St. Marys, West Virginia, shall be amended as follows, to be effective forty-five (45) days from passage, as provided for by Chapter 8, Article 11, and Chapter 24, Article 2, Section 4b, of the *Code of West Virginia, 1931, as amended*, and that all provisions inconsistent therewith be repealed, and that due notice hereof be provided by publication and maintenance of this ordinance by the City Recorder.

First, That Article 931, Section 931.03, of the *Codified Ordinances of The City of St. Marys, as amended*, be further amended by establishing a schedule of rates and charges for the use of and services rendered by the sewer system of The City of St. Marys, all of said section as hereby amended to read as follows:

"931.03 SEWER RATES

For the payment of proper and reasonable expenses of operations, repair, replacement, improvements, additions, betterments, extensions, and maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all related bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of The City of St. Marys, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplies the premise, shall be:

(1) Rate in Gallons Used Per Month.

Gallons	Rate per 1,000 Gallons
First 3,000	$3.21
Next 6,000	2.90
Next 6,000	2.43
Next 15,000	2.01
All Over 30,000	1.46

(2) Flat Rate. Installations which are served without a meter shall be charged a flat rate equal to the minimum charge per month for the size water meter which would be required.

(3) Minimum Charge. No bill will be rendered for less than $9.63 per month or portion thereof.

(4) Delayed Payment Penalty.

(A) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to net amount shown.

(B) If any bill is not paid within thirty days of date of bill, sewer service to the customer will be discontinued. Sewer service will thereafter not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars ($20.00).

(5) Recovery of Bank Charges. If a bank or other financial institution returns a customer's check to the City due to insufficient funds in such customer's account and charges a fee to the City for such service, then the fee charged will be added to the account of the customer whose check is returned."

Second, That Article 935, Section 935.10 of the *Codified Ordinances of The City of St. Marys, amended*, be further amended by establishing the ter and conditions of service connection to the sew system of The City of St. Marys, all of said section hereby amended to read as follows:

"935.10 SERVICE CONNECTIONS.

(a) Service Connections and Tapping Fee. T terms service connection and tapping fee shall b interchangeable.

(b) Separate Connections Required. Only one hous or building shall be served by each sanitary sew connection. When by reason of topography or othe unusual circumstances Council authorizes a departur from the foregoing requirements of this section, written agreement must be entered into absolving th City of all maintenance from buildings to main, wheth in the street or not, and agreeing to separate connectio charges for each residence or building.

(c) Multiple Occupancy. On apartment buildings, o other multiple occupancy buildings, including traile courts, mobile or immobile, each household or busines unit shall be required to pay not less than the minimum monthly charge herein established. Motels and hotel shall pay according to the amount of water used.

(d) Connection Charge. A minimum connection charge of Four Hundred Fifty Dollars ($450.00) shall b made for new customers of the sewer facilities. Wher the cost of labor, material and equipment for an connection exceeds said sum, then the balance of sai cost shall be paid before the connection is completed."

Third, That Ordinance #2000-1 and any other ordinance inconsistent with the provisions hereof is hereby repealed to the extent of such inconsistency.

Fourth, That the foregoing shall become effective forty-five (45) days after passage.

Fifth, That whereas the cited Code section provides that notice shall be given by publication in compliance with the provisions of Chapter 8, Article 11, Section 4, of the *Code of West Virginia, 1931, as amended*, the City Recorder is hereby authorized and directed to publish a copy of this ordinance once each week for two successive weeks in *The St. Marys Oracle*, a duly qualified newspaper, in the City of St. Marys, West Virginia, and the same shall constitute notice to all persons concerned that the foregoing ordinance herein stated has been introduced at a meeting of the City Council on February 19, 2002, and that the City Council contemplates the adoption thereof, including the amendment of the rates and charges therein set forth, as just and equitable rates or charges for use of, and the service rendered by, the sewer system and works of The City of St. Marys, West Virginia, and that any person interested may appear before Council on the 5th day of March, 2002, at 7:00 p.m., in the City Council Chambers, on the first floor of the Municipal Building, 418 Second Street, in The City of St. Marys, and present to Council any protest or objection he may have to the rates or charges proposed. The second day of the successive publication aforesaid shall be at least five (5) days prior to the date set for the hearing of protests.

Sixth, That a copy of the proposed ordinance is and shall be made available for public inspection in the office of the City Recorder, 418 Second Street, St. Marys, West Virginia, between the hours of 8:00 a.m. and 4:00 p.m. Monday through Friday.

THE CITY OF ST. MARYS, WEST VIRGINIA
2-20, 27-O

PLEASE RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT TO:
P.O. BOX 27, ST. MARYS, WV 26170

PUBLISHER'S CERTIFICATE

State of West Virginia, Pleasants County, to-wit:

I, James E. McGoldrick, publisher of the PLEASANTS COUNTY LEADER, a weekly newspaper, published in the city of St. Marys, county and state aforesaid, and being of general circulation throughout Pleasants County, West Virginia, do hereby certify that the annexed

NOTICE OF PROPOSED ADOPTION OF ORDINANCE

has been published in said paper two consecutive weeks

Beginning December 27, 19 97 , and

ending January 3, 19 97

Printer's Fee $ 194.04

James E. McGoldrick

Subscribed and sworn to before me, this 16TH day of July 1998

Randa Dare Gregg

Notary Public

My Commission expires Aug. 7, 2006

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
RANDA DARE GREGG
ROUTE 1, BOX 247
ST. MARYS, WV 26170
My Commission Expires August 7, 2006

Minutes 1-20-98

NOTICE OF PROPOSED ADOPTION OF ORDINANCE

THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, will meet on Tuesday, January 6, 1998, at 7:00 o'clock p.m. and consider the following Ordinance for final reading. All persons are invited to voice their opinion on the Ordinance. The reading will be in the City Council Chambers on the first floor of the Municipal Building, 418 Second Street, St. Marys, West Virginia.

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 931.01 OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA.

WHEREAS, the Common Council of City of St. Marys, West Virginia, has determined that it is in the best interest of the citizens of St. Marys to amend the water and sewer rates charged by the City of St. Marys for the purpose of complying with State and Federal environmental regulations.

BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF ST. MARYS that Article 931.01 of the Codified Ordinances of the City of St. Marys, West Virginia, shall be amended as follows:

931.01 WATER RATES AND CHARGES.

(a) The initial schedules of rates and charges for the water services and facilities immediately after the effective date of this ordinance shall be as follows:

(a) Rate in Gallons User Per Month.

Gallons	Rate per 1,000 gallons
First 3,000	$2.02
Next 6,000	1.84
Next 6,000	1.55
Next 15,000	1.22
All Over 30,000	.89

(b) Flat Rate. Installations which are serviced without a meter shall be charged a flat rate equal to the minimum charge per month for the size meter which would be required.

(c) Minimum Charge. No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

Meter size (inches)	Fee per month
3/4	$8.08
1	18.64
1 1/2	35.18
2	82.43
3	140.81
4	249.87

(d) Connection Charge. A minimum connection charge of Two Hundred Fifty Dollars ($250.00) shall be made for new customers of the water facilities. When the cost of labor, material and equipment for any connection exceeds the sum of Two Hundred Fifty Dollars ($250.00), the balance of said cost shall be paid before the connection is completed.

(e) Delayed Payment Penalty.

(1) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to the net amount shown.

(2) If any bill is not paid within thirty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars ($20.00).

(f) Effective Date. This ordinance is effective forty five (45) days after passage.

The subject matter of said Ordinance is to increase the water and sewer rates. Copies of said Ordinance may be inspected at the Office of the City Recorder of the City of St. Marys, at 418 Second Street, St. Marys, West Virginia, between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday.

Linda Wilson, City Recorder

(c) Minimum Charge. No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

Meter size (inches)	Fee per month
3/4	$7.28
1	18.68
1 1/2	42.00
2	74.58
3	187.86
4	298.50

(d) Connection Charge. A minimum connection charge of Two Hundred Fifty Dollars ($250.00) shall be made for new customers of the water facilities. When the cost of labor, material and equipment for any connection exceeds the sum of Two Hundred Fifty Dollars ($250.00), the balance of said cost shall be paid before the connection is completed.

(e) Delayed Payment Penalty.

(1) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to the net amount shown.

(2) If any bill is not paid within thirty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars ($20.00).

The initial schedule of rates and charges for water services and facilities immediately after the completion of the St. Marys Water Works Projects shall be as follows:

(a) Rate in Gallons User Per Month.

Gallons	Rate per 1,000 gallons
First 3,000	$2.81
Next 6,000	2.55
Next 6,000	2.18
Next 15,000	1.69
All Over 30,000	1.24

(b) Flat Rate. Installations which are serviced without a meter shall be charged a flat rate equal to the minimum charge per month for the size meter which would be required.

(c) Minimum Charge. No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

Meter size (inches)	Fee per month
3/4	$8.45
1	21.74
1 1/2	48.85
2	86.73
3	195.20
4	347.14

(d) Connection Charge. A minimum connection charge of Two Hundred Fifty Dollars ($250.00) shall be made for new customers of the water facilities. When the cost of labor, material and equipment for any connection exceeds the sum of Two Hundred Fifty Dollars ($250.00), the balance of said cost shall be paid before the connection is completed.

(e) Delayed Payment Penalty.

(1) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to the net amount shown.

(2) If any bill is not paid within thirty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars ($20.00).

(f) Effective Date. This ordinance is effective forty five (45) days after passage.

The subject matter of said Ordinance is to increase the water and sewer rates. Copies of said Ordinance may be inspected at the Office of the City Recorder of the City of St. Marys, at 418 Second Street, St. Marys, West Virginia, between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday.

Linda Wilson, City Recorder

PUBLISHER'S CERTIFICATE

State of West Virginia, Pleasants County, to-wit:

I, James E. McGoldrick, publisher of THE ST. MARYS ORACLE, a weekly newspaper, published in the city of St. Marys, county and state aforesaid, and being of general circulation in St. Marys, West Virginia, and of general circulation throughout Pleasants County, West Virginia, do hereby certify that the annexed

NOTICE OF PROPSED ADOPTION OF ORDINANCE

has been published in said paper two consecutive weeks

Beginning December 24, 19 97 , and

ending December 31, 19 97

Printer's Fee $ 194.04

Subscribed and sworn to before me, this 6TH day of Jan. 19 98

Randa Dare Gregg
Notary Public

My Commission expires Aug. 7, 2006

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
RANDA DARE GREGG
ROUTE 1, BOX 247
ST. MARYS, WV 26170
My Commission Expires August 7, 2006

Minutes 1-20-98

NOTICE OF PROPOSED ADOPTION OF ORDINANCE

THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, will meet on Tuesday, January 6, 1998, at 7:00 o'clock p.m. and consider the following Ordinance for final reading. All persons are invited to voice their opinion on the Ordinance. The meeting will be in the City Council Chambers on the first floor of the Municipal Building, 418 Second Street, St. Marys, West Virginia.

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA, TO AMEND ARTICLE 931.01 OF THE CODIFIED ORDINANCES OF THE CITY OF ST. MARYS, WEST VIRGINIA.

WHEREAS, the Common Council of City of St. Marys, West Virginia, has determined that it is in the best interest of the citizens of St. Marys to amend the water and sewer rates charged by the City of St. Marys for the purpose of complying with State and Federal environmental regulations.

BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF ST. MARYS that Article 931.01 of the Codified Ordinances of the City of St. Marys, West Virginia, shall be amended as follows:

931.01 WATER RATES AND CHARGES

1. The initial schedules of rates and charges for the water service and facilities immediately after the usage of this ordinance shall be as follows:

(a) Rate In Gallons User Per Month.

Gallons	Rate per 1,000 gallons
First 3,000	$2.02
Next 6,000	1.84
Next 15,000	1.55
Next 15,000	1.22
All Over 30,000	.89

(b) Flat Rate. Installations which are serviced without a meter shall be charged a flat rate equal to the minimum charge per month for the size meter which would be required.

(c) Minimum Charge. No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

Meter size (inches)	Fee per month
3/4	$8.08
1	15.64
1 1/2	35.16
2	62.43
3	140.51
4	249.67

(d) Connection Charge. A minimum connection charge of Two Hundred Fifty Dollars ($250.00) shall be made for new customers of the water facilities. When the cost of labor, material and equipment for any connection exceeds the sum of Two Hundred Fifty Dollars ($250.00), the balance of said cost shall be paid before the connection is completed.

(e) Delayed Payment Penalty.

(1) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to the net amount shown.

(2) If any bill is not paid within thirty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars ($20.00).

The initial schedule of rates and charges for water services and facilities immediately after the completion of the St. Marys Water Works Projects shall be as follows:

(a) Rate In Gallons User Per Month.

Gallons	Rate per 1,000 gallons
First 3,000	$2.41
Next 6,000	2.20
Next 15,000	1.85
Next 15,000	1.46
All Over 30,000	1.26

(b) Flat Rate. Installations which are serviced without a meter shall be charged a flat rate equal to the minimum charge per month for the size meter which would be required.

(c) Minimum Charge. No bill will be rendered for less than the following amounts according to the size of the meter installed, to-wit:

Meter size (inches)	Fee per month
3/4	$8.45
1	21.74
1 1/2	48.85
2	86.73
3	195.20
4	347.14

(d) Connection Charge. A minimum connection charge of Two Hundred Fifty Dollars ($250.00) shall be made for new customers of the water facilities. When the cost of labor, material and equipment for any connection exceeds the sum of Two Hundred Fifty Dollars ($250.00), the balance of said cost shall be paid before the connection is completed.

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(1) On all accounts not paid in full within ten days of date of bills, ten percent (10%) will be added to the net amount shown.

(2) If any bill is not paid within thirty days after date, water service to the customer will be discontinued. Water service will not be restored until all past due bills have been paid in full and all accrued penalties have been paid plus a reconnection charge of twenty dollars ($20.00).

(f) Effective Date. This ordinance is effective forty-five (45) days after passage.

The subject matter of said Ordinance is to increase water and sewer rates. Copies of said Ordinance may be inspected at the Office of the City Recorder of the City of St. Marys, at 418 Second Street, St. Marys, West Virginia, between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday.

Linda Wilson, City Recorder

THE CITY OF ST. MARYS 2.7
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

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THE CITY OF ST. MARYS

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. MARYS AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF ST. MARYS:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of connection to St. Marys Correctional Center, replacement of three pump stations, upgrade of two pump stations, and all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further additions thereto or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Infrastructure Fund administered by the Authority, pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) (the "Series 2006 A Bonds"), in the total aggregate principal amount of not more than $1,700,000, initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, on the Series 2006 A Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2006 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2006 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Project

and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2006 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2006 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being the (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, dated November 13, 1996, issued in the original principal amount of $128,000 (the "Series 1996 B Bonds"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, dated June 18, 1998, issued in the original principal amount of $554,000 (the "Series 1998 A Bonds") and Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (West Virginia Water Development Authority), dated October 22, 2003, issued in the original principal amount of $425,000 (the "Series 2003 A Bonds"). The Series 1996 B Bonds, the Series 1998 A Bonds and the Series 2003 A Bonds are hereinafter collectively called the "Prior Bonds."

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

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Prior Bonds and the

Series 2006 A Bonds and to make all payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2006 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia (the"PSC") by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2006 A Bonds or such final order will not be subject to appeal.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 2006 A 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 Registered Owners, 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 2006 A 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, collectively, Chapter 8, Article 20 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2006 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

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

"Board" means the Water and Sewer Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2006 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2006 A Bonds for all or a portion of the proceeds of the Series 2006 A Bonds from the Authority.

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

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

"Consulting Engineers" means S&S Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof, in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

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

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

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

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

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

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

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means The City of St. Marys, a municipal corporation and political subdivision of the State of West Virginia, in Pleasants County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and the Board of the Issuer.

"Loan Agreement" means the loan agreement heretofore entered, or to be entered, into by and between the Authority and the Issuer, on behalf of the Council, providing for the purchase of the Series 2006 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2006 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2006 A Bonds Reserve Account. 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 2006 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond 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 X hereof; and (iv) for purposes of consents or other action by a specified percentage of Registered Owners of any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2006 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1996 B Bonds, the Series 1998 A Bonds and the Series 2003 A Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted October 15, 1996, the supplemental resolution of the Issuer adopted November 6, 1996, the ordinance of the Issuer enacted June 16, 1998, and the supplemental resolution of the Issuer adopted June 16, 1998, authorizing the issuance of the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account, all as determined by the Code.

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

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"PSC Order" means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to acquire and construct the Project and approving the financing for the Project.

"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 owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended; and

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

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

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

"Reserve Requirements" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

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

"Series 1996 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, dated November 13, 1996, issued in the original principal amount of $128,000.

"Series 1998 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, dated June 18, 1998, issued in the original principal amount of $554,000.

"Series 2003 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (West Virginia Water Development Authority), dated October 22, 2003, issued in the original principal amount of $425,000.

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

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

"Series 2006 A Bonds Reserve Account" means the Series 2006 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 2006 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2006 A Bonds in the then current or any succeeding year.

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

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

"State" means the State of West Virginia.

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

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

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

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment hereof.

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $1,700,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2006 A Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Council and the Authority.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2006 A Bonds, funding the Series 2006 A Bonds Reserve Account, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2006 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2006 A Bonds of the Issuer. The Series 2006 A Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bond, Series 2006 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,700,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2006 A Bonds on the Series 2006 A Bonds shall be deposited in or credited to the Series 2006 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2006 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2006 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2006 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2006 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2006 A Bonds. The Series 2006 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall have such terms as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2006 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2006 A Bonds shall cease to be such officer of the Issuer before the Series 2006 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2006 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2006 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2006 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2006 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Registered Owner, in accepting the Series 2006 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Registered Owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide registered owner for value.

So long as the Series 2006 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2006 A Bonds shall be transferable only upon the books of the Bond Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2006 A Bonds or transferring the registered Series 2006 A Bonds is exercised, all Series 2006 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2006 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2006 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2006 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2006 A Bonds or, in the case of any proposed redemption of Series 2006 A Bonds, next preceding the date of the selection of Series 2006 A Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2006 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate, register 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 Registered Owner'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. Bonds not to be Indebtedness of the Issuer. The Series 2006 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the System as herein provided. No Registered Owner of the Series 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2006 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2006 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2006 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2006 A Bonds to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate, register and deliver the Series 2006 A Bonds to the original purchasers.

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

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of , 200_ , THE CITY OF ST. MARYS, a municipal corporation and political subdivision of the State of West Virginia in Pleasants County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The interest on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, at the rate per annum as set forth on EXHIBIT B attached hereto.

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 are payable by check or draft of the Paying Agent mailed to the Registered Owner (as defined in the hereinafter described Bond Legislation) hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding a 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 the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 200__.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 20____, and a Supplemental Resolution duly adopted by the Issuer on _____, 20____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 B, DATED NOVEMBER 13, 1996, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $128,000; (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A, DATED JUNE 18, 1998, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $554,000; AND (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 22, 2003, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $425,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2006 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be

issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, 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 2006 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2006 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, THE CITY OF ST. MARYS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

_____

Mayor

ATTEST:

_____

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2006 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 200__.

_____, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and ratified and incorporated into this Bond Legislation. The Series 2006 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule, the form of which will be provided by the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2006 A Bonds Construction Trust Fund.

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

(1) Series 2006 A Bonds Sinking Fund; and

(2) Series 2006 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Sinking Funds for the Prior Bonds, the amount required by the Prior Ordinances for payment of interest on the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment

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

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Sinking Funds for the Prior Bonds, the amount required by the Prior Ordinances for payment of principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2006 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

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

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or

extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on moneys in the Series 2006 A Bonds Sinking Fund and Series 2006 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2006 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due, if any, on the Series 2006 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2006 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2006 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2006 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

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

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

The Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2006 A Bonds Outstanding under the conditions and restrictions set forth herein.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payments 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

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

A. From the proceeds of the Series 2006 A Bonds, there shall first be deposited with the Commission in the Series 2006 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

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

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2006 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2006 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so transferred or expended, are hereby pledged as additional security for the Series 2006 A Bonds.

D. After completion of acquisition and construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2006 A Bonds shall be expended as approved by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2006 A Bonds Construction Trust Fund shall be made only after submission to, and approval from the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2006 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2006 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2006 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2006 A Bonds shall not be nor constitute 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 Registered Owner of the Series 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2006 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2006 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on January 6, 2004, and the water rate ordinance of the Issuer enacted January 6, 1998, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2006 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2006 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2006 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2006 A Bonds, immediately be remitted to the Commission for deposit in the Series 2006 A Bonds Sinking Fund and the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2006 A Bonds. Any balance remaining after the payment of the Series 2006 A Bonds and the interest, if any, 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 duly adopted, 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 in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase or redemption of Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price of such Bonds. Such payment of such proceeds into the Sinking Funds 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 Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2006 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2006 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2006 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2006 A Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the

Series 2006 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2006 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2006 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, improvements or betterments to the System or refunding any Bonds outstanding, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115% of the maximum debt service in any succeeding year on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; 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 the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2006 A Bonds and the Registered Owners of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Ordinances. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2006 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 2006 A Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Ordinances, shall have been made in full

as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments and compliance.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of the Series 2006 A 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 PSC. 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 Authority and the Council, or any other original purchaser of the Series 2006 A Bonds, and shall mail in each year to any Registered Owner of the Series 2006 A Bonds requesting the same, an annual report containing the following:

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

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

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

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2006 A Bonds, 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 the rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2006 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2006 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2006 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2006 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2006 A Bonds, including the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

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

expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the Council and to any Registered Owner of the Series 2006 A Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Council, the Authority and any Registered Owner of the Series 2006 A Bonds, or anyone acting for and on behalf of such Registered Owner.

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the 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 PSC, 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 PSC, discontinue and shut off the services of the System, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2006 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Board having custody of the revenues or of any other funds of

the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

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

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

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, the Council or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2006 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2006 A Bonds during the term thereof is, under the terms of the Series 2006 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2006 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2006 A Bonds during the term thereof is, under the terms of the Series 2006 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer,

in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2006 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2006 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2006 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than State or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2006 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2006 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2006 A Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Statutory Mortgage Lien. For the further protection of the Registered Owners of the Series 2006 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series

2006 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2006 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2006 A Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2006 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. Any moneys held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the Prior Ordinances, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission 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 investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2006 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2006 A Bonds from gross income for federal income tax purposes.

Section 8.02. Non Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2006 A Bonds which would cause the Series 2006 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and Regulations, and (ii) it shall take all

actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2006 A Bonds) so that the interest on the Series 2006 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03 Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Series 2006 A Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Series 2006 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt bonds (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Series 2006 A Bonds are issued are not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2006 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and Regulations from time to time in effect and applicable to the Series 2006 A Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. The Issuer shall obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary to maintain the exclusion of interest on the Series 2006 A Bonds from gross income for federal income tax purposes. In order to provide

for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond year, a certified copy of its rebate calculation or, if the Issuer qualifies for the small issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge which would make the Series 2006 A Bonds subject to rebate. 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, including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2006 A Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2006 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2006 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or a Registered Owner of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2006 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2006 A Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2006 A Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and

after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the Series 2006 A Bonds, any Registered Owner shall in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with the power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and maintain, manage and control the System, 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 the System as the Issuer itself might exercise.

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project

and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Registered Owners of the Series 2006 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 2006 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2006 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2006 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2006 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2006 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2006 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2006 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2006 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 2006 A Bonds from gross income of the Registered Owners thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2006 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2006 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. Except for the Prior Ordinances, all ordinances, orders or resolutions and or parts thereof in conflict with

the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the 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, the Recorder and members of the Governing Body and the Board were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance in the form set forth in Exhibit A attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the St. Marys Oracle and the Pleasants County Leader, 2 qualified newspapers published and of general circulation in The City of St. Marys, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2006 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than 10 days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. The Governing Body hereby determines that the abstract of this Ordinance as set forth in Exhibit A contains sufficient information as to give notice of the contents hereof. 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.

Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing hereon and final reading hereof.

Passed on First Reading:	June 6, 2006
Passed on Second Reading:	June 21, 2006
Passed on Final Reading Following Public Hearing:	July 5, 2006

L. Paul Ingram
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly passed by the Council of THE CITY OF ST. MARYS on July 5, 2006, and effective July 5, 2006.

Dated this 10th day of July, 2006.

[SEAL]

Linda K. Wilson
Recorder

EXHIBIT A

THE CITY OF ST. MARYS

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on _____, 2006, the Council of The City of St. Marys (the "Issuer"), adopted an ordinance which, among other things:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the sewerage portion of the Issuer's existing public combined waterworks and sewerage system (the "System") and the financing of the cost, not otherwise provided, thereof through the issuance of not more than $_____ in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the Loan Agreement for the Bonds; authorized the execution and delivery of the Loan Agreement.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses and debt service on the Bonds; directed the creation of a sinking fund, a reserve account and a renewal and replacement fund for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not 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 of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to the Net Revenues of the System; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.

6. Established the events of default and the remedies of the registered owners of the Bonds; and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of The City of St. Marys at a _____ meeting on _____, 2006, at _____ p.m., in the Council Chambers, City Hall, St. Marys, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the City Hall.

_____
Recorder

THE CITY OF ST. MARYS 2.8(A)
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE CITY OF ST. MARYS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of The City of St. Marys (the "Issuer") has duly and officially passed a Bond Ordinance on July 5, 2006, effective July 5, 2006 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. MARYS AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,700 000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF

ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount not to exceed $1,700,000 (the "Bonds"or the "Series 2006 A Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 8, Article 20 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF ST. MARYS, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in the St. Marys Oracle and the Pleasants County Leader, 2 qualified newspapers published and of general circulation in the Issuer, with the first publication thereof being not less than 10 days before the day set by the Bond Ordinance and the Notice for the public hearing at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Bond Ordinance and the Notice, the Recorder has maintained in his or her office a certified copy of the Bond Ordinance for review by interested persons during the regular office hours of such office;

(C) In Council chambers, City Hall, St. Marys, West Virginia, on July 5, 2006, at 7:00 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Bond Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Bond Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Bond Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $1,581,250. The Bonds shall be dated the date of delivery, shall finally mature June 1, 2036, shall bear interest at the rate of .5% per annum. The principal of and interest on the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2007, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written

consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Bonds.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 4. The Issuer hereby authorizes, ratifies, approves and accepts the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer hereby appoints and designates The First National Bank of St. Marys, St. Marys, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 6. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 7. The Issuer hereby appoints and designates The First National Bank of St. Marys, St. Marys, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 2006 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2006 A Bonds Sinking Fund as capitalized interest.

Section 9. Series 2006 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2006 A Bonds Reserve Account.

Section 10. The remaining proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2006 A Bonds Construction Trust Fund, as received from time to time for payment of costs of the Project, including costs of issuance of the Bonds.

Section 11. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about July 10, 2006.

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

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

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

Adopted this 5th day of July, 2006.

L. Paul Ingram

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF ST. MARYS on the 5th day of July, 2006.

Dated this 10th day of July, 2006.

[SEAL]

Linda K Wilson
Recorder

THE CITY OF ST. MARYS

RESOLUTION OF THE CITY OF ST. MARYS APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED SEWER PROJECT AND AUTHORIZING PAYMENT THEREOF

WHEREAS, the Council of The City of St. Marys (the "Issuer") has reviewed the invoices attached hereto and incorporated herein by reference relating to the construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project") to be funded in part by its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) and finds as follows:

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

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

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

NOW, THEREFORE, BE IT RESOLVED by the Council of the Issuer as follows:

There is hereby authorized and directed the payment of the attached invoices summarized as follows:

Payee	Amount
First National Bank of St. Marys (Registrar Fees)	$ 500
Jackson Kelly PLLC (Bond Counsel)	22,000
Series 2006 A Bonds Construction Trust Fund	60,350
Total	$ 82,850

This Resolution is effective upon adoption.

Adopted on this 5th day of July, 2006.

L. Lee Lyman

Mayor

cc: Art Boggs
Senator Boley

Approved on 06/21/06 as written

MINUTES OF THE JUNE 06, 2006 regular session of the common council of The City of St. Marys, WV, held in council chambers.

Mayor L. Paul Ingram called the regular session of the common council to order at 7:00 P.M.

Everyone stood for the **PLEDGE OF ALLEGIANCE.**

Attending were: Mayor L. Paul Ingram, Cty Mgr Mark Jackson, Cty Rec Linda K. Wilson, Chief of Police Bill Stull, Councilpersons: Rick McCullough, Charlie Knight, Holly West, Paula Wince, Jody Haddox, and Mike Hendricks.

Absent: City Attorney Keith White.

MINUTES:

Paula Wince moved to dispense with the reading of the minutes of the regular session of May 16, 2006, and approve them as written. Copies of those minutes had been distributed to members of Council prior to tonight's meeting.

Rick McCullough seconded.
Motion passed unanimously.

Charlie Knight moved to dispense with the reading of the minutes of the special session of May 31, 2006, and approve them as written. Copies of those minutes had been distributed to members of Council prior to tonight's meeting.

Holly West seconded.
Paula Wince abstained, stating that she had not been present at the special session.
Motion passed.

Mayor Ingram requested a deviation from the regular agenda in order to recognize Samme Gee from Jackson Kelly.

There were no objections.

NEW BUSINESS:

Bond Ordinance re: Phase I of the sewer upgrades – 1st Reading

Samme Gee read the ordinance by title only:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. MARYS AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES

2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Samme explained that IJDC would be purchasing this bond. Our existing 2003 Series bond will be paid off with the bond that will be issued for Phase II of the sewerage upgrades.

The second reading of the ordinance will be on June 21, 2006 and a public hearing has been scheduled for July 5, 2006 to hear any comments or objections.

Jody Haddox moved to approve the ordinance on first reading.
Paula Wince seconded.
Motion passed unanimously.

OLD BUSINESS:

City Manager's Report

Cty Mgr reported that there was nothing new on the following items on the agenda:

2. Sewer Upgrades & New Treatment Plant
5. County Water PSD Project Agreement
6. WVDHHR Deficiencies re: Water Storage Facilities
7. CSX Bridge repairs
8. Replacement of: water meters, hand-held meter reading devices & software
9. Emergency Planning and safety issues

Cty Mgr reported on the following:

1. Water & Sewer line-replacements, water storage, street paving – Cty Mgr reported that we were trying to include Hillcrest Circle in the waterline replacement project. If that happens, we will be able to increase the water pressure up there.

3. Roof repair on City Hall – Cty Mgr reported that he had received negative feedback on the low bidder for the contract on the roof. The low bid was from D&M Construction for $7200 for labor only.

The second bid was from Moss Construction Company for $11,660 for labor only. Cty Mgr reported that he had received positive feedback for this company.

Paula Wince motioned to re-bid the roof labor contract.
Charlie Knight seconded.
Motion passed unanimously.

Cty Mgr reported that we received no bids for the HVAC. After the deadline, one bid came in but we had not opened it. The contractor misunderstood the deadline date.

After some discussion, it was decided that we would re-bid the HVAC contract.

We would contact the contractor who submitted the one bid, and tell them that we did not open their bid. They may wish to submit a new bid.

4. Greenspan Project – It was reported that the fence along Court Lane had been repaired.

10. Bids for paving Washington Street – Cty Mgr reported that it had been put out for bid. Cty Mgr went on to say that the money was not left over from the Downtown Project as originally believed. We had received an invoice for $14,900 from Kelly Paving for a change order. After meeting with Larry Gainer today, it appears that we [The Development Authority] owe this.

Chief of Police's Report

There was nothing to report.

City Recorder's Report

There was nothing to report.

City Attorney's Report

Cty Atty was absent.

Mayor's Report

There was nothing to report.

Committee Reports

Holly West reported that the Marina Committee was having a fund raiser during the Bass Festival and volunteers were needed. The committee was going to operate a café inside the marina building.

Discussions/Updates

1. FY07 Budgets for Water/Sewer Fund and for Refuse Fund – Cty Rec reminded Council that before July 1, we must finalize those two budgets. We only have one more council meeting before July 1. Water/Sewer was unbalanced by only a little over $4000. We could find that much, but the budget is clearly very tight.

The Refuse Fund was out of balanced by around $20,000. That needs to be addressed. What does Council want to do about the deficit?

2. Water/Sewer Rate Study – Cty Rec explained that in order to have our needs included in the rate study, the PSC needed to know what Council's intentions were. Council needed to decide what they want included in the study.

The following items were suggested:

5% pay increases – Dollar figures were not available
Hand held meter reading devices, software, and radio-read meters - $45,000
A new water/sewer vehicle - $25,000 - $30,000
Sewer camera - $10,000 - $15,000

Combination sewer-vac truck - $160,000 - $180,000
Jackhammer - $11,000
Tractor with a backhoe and end loader - $30,000
Trench boxes and other safety equipment – Dollar figures were not available

The consensus of Council was that they wanted to give the pay increases, we need the hand-held devices and software, we need a sewer camera, and we need the trench boxes and safety equipment. We do not need the tractor/backhoe right now.

Rick McCullough stated that Cty Mgr should put together a list of the safety equipment that he needed.

Mike Hendricks made a motion to approve the items that were needed, as previously mentioned, up to a total of $300,000.
Rick McCullough seconded.
Holly West abstained, as the motion included pay increases of which she would receive.
Motion passed.

NEW BUSINESS:

Bid Opening – City Hall Roof, HVAC

This was discussed under City Manager's Report.

Bond Ordinance re: Phase I of the sewer upgrades – 1st Reading

This item had already been discussed.

Budget Revisions for FY06

Cty Rec explained the following:

1. General Fund Budget Revision #4 – This was a "0" dollar revision. We had shortfalls in various departments/line items, but they were covered with surpluses in other line items. Cty Rec also, with Council's approval, would make the first payment of $4200 to re-pay the $50,000 surplus that we used to set up the cemetery fund. The $4200 would come from the contingency line item.

2. Coal Severance Budget Revision #2 – This was mostly a housekeeping revision. As reported at a previous meeting, contributions to the Health Department, the 4-H Club, and the Library were simply moved from one place to another.

The Coal Severance Tax was increased from an estimated income of $4200 to an estimated income of $5700…an increase of $1500.

The contribution to the Library of $3000 used to be split 50/50 in General Fund and in Coal Severance. This revision will increase the contribution line item in Coal Severance from $1500 to $3000. The entire contribution will now come from Coal Severance.

This budget revision is an increase of $1500.

3. Capital Improvements Fund Revision #2 – This revision moves money from a capital expenditure line item and places it in line items to make lease purchase payments on the computer upgrades. It is a "0" dollar revision.

Mike Hendricks motioned to approve the budget revisions as presented.
Motion was seconded.
Motion passed unanimously.

Discussions/Pawn Shop Regulations

Chief Stull submitted two sample ordinances...one from New Martinsville and one from Vienna. Chief Stull reported that he liked the one from New Martinsville. The regulations require pawn shops to keep records of their transactions and it requires them to require identification when receiving items into the pawn shop.

Discussions/Dogs on Leashes

Chief Stull reminded everyone that we have an ordinance that requires owners to keep their dogs on leashes. It also requires the owners to clean up after their animals.

Pleasants County Park Project

Charlie Knight reported that in his opinion, the Park had not done their share in this project. Only part of the area had been seeded. We should talk to them. The Park was supposed to clean their storm ditches, but they have not done so. We scrounged enough materials to do the job. We did the work. They need to finish the job. Currently, the storm water is going around the storm drain instead of into it. We need to talk to them. We should also send a back-up letter to the County Commission and to the Park Commission.

Marina Issues

Charlie Knight wanted to know if we were enforcing the launch fees and stickers. Charlie reported that he had driven through the marina and some boat trailers did not have stickers. We need to enforce the launch fees.

Chief Stull stated that he was not aware of any violations.

Charlie Knight also reported that signs need to be removed once an event was over. We need to add this to our marina rules and regulations. Maybe we should write them up for littering.

Removal of signs once an event is over

This pertained to signs that were erected all over town.

Chief Stull reported that he was working with the Cty Atty to write an ordinance to control this and also yard sales.

City Water Wells

Cty Mgr reported that starters for both of the water wells would cost a total of $5000. We had originally been quoted a price of $11,500 per starter. We got a better deal when we asked if they could get us two starters instead of just one.

There was some discussion about how quickly we could get the starters. There was discussion as to whether we should make arrangements to pick up the starters. Cty Mgr recommended that we just wait for the starters to be delivered.

* On another subject, Cty Mgr reported that 140' of sewer line had been replaced from the Rite Aid manhole, and tying into an existing line that was at least 36" below grade. We need to blacktop the section that was torn up.

Request approval to hang flower pots on downtown lampposts

Mike Hendricks reported that two individuals had volunteered to water and maintain the flowers. There is no cost to the City for the flowers.

Mike Hendricks moved to grant permission to hang the flower pots on the lampposts on Main Street.
Charlie Knight seconded.
Motion passed unanimously.

Approval of Bills

The following bills were submitted for approval:

General Fund	$ 4,517.24
Coal Severance Fund	50.00
Special Levy Fund	779.22
Water Fund	8,650.50
Sewer Fund	5,245.04
Refuse Fund	263.92
Total All Funds	$19,505.92

Rick McCullough moved to approve the bills for payment.
Holly West seconded.
Motion passed unanimously.

ADJOURNMENT:

Motion to adjourn was made and seconded.
Motion passed unanimously.

Meeting adjourned at 8:20 p.m.

cc: Art Boggs
Senator Boley

Approved on 07/05/06 as written

MINUTES OF THE JUNE 21, 2006 regular session of the common council of The City of St. Marys, WV, held in council chambers.

Mayor L. Paul Ingram called the regular session of the common council to order at 7:00 P.M.

Everyone stood for the **PLEDGE OF ALLEGIANCE.**

Attending were: Mayor L. Paul Ingram, Cty Mgr Mark Jackson, Cty Rec Linda K. Wilson, Cty Atty Keith White, Chief of Police Bill Stull, Councilpersons: Charlie Knight, Holly West, Paula Wince, Jody Haddox, and Mike Hendricks.

Absent: Councilman Rick McCullough.

MINUTES:

Paula Wince moved to dispense with the reading of the minutes of the regular session of June 6, 2006, and approve them as written. Copies of those minutes had been distributed to members of Council prior to tonight's meeting.

Jody Haddox seconded.
Motion passed unanimously

Mayor Ingram requested a deviation from the regular agenda in order to recognize Franki Parsons from Jackson Kelly.

There were no objections.

NEW BUSINESS:

Bond Ordinance re: Phase I of the sewer upgrades – 2nd Reading

Franki Parsons read the ordinance by title only:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. MARYS AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Franki explained that a public hearing would be held on July 5, after which the ordinance would be enacted. The closing will be on July 10, in Charleston.

Jody Haddox moved to adopt the ordinance upon second reading.
Paula Wince seconded.
Motion passed unanimously.

Mayor Ingram recognized Paul and Cindy Taylor, item #5 under **NEW BUSINESS**.

Paul Taylor / 718 Fifth Street – Complaint re: City's Beautification Program

Paul and Cindy voiced their discontent at the method in which they were notified to clean up their property. They explained that they only had three bags of garbage that needed to be put out. There were other properties in St. Marys that needed attention far worse than their's. They felt that the councilperson could have just asked them to take care of the problem, and they would have done so. Instead, the City Manager was instructed to go to his (Paul and Cindy's) home, and talk to them.

Charlie Knight explained that it was city policy to notify the City Manager and let him take care of these matters.

Paul went on to say that he had no problem with the City's beautification Program, but it should be done in a fair manner. Paul felt he was singled out. This was an embarrassment to him and an embarrassment to the City.

AFFIDAVITS OF PUBLICATION:

Mayor Ingram read the affidavits of publication as follows:

1. Ad for Bid to Blacktop Washington Street...***LEADER*** – June 3 & 10, 2006
2. Ad for Bid to Blacktop Washington Street...***ORACLE*** – June 7 & 14, 2006

Mike Hendricks moved to spread the affidavits of publication, as read, into the minutes.
Paula Wince seconded.
Motion passed unanimously.

OLD BUSINESS:

City Manager's Report

Cty Mgr reported that there was nothing new on the following items on the agenda:

1. Water & Sewer line-replacements, water storage, street paving
3. City Hall Roof, HVAC, Electric Upgrades
4. Greenspan Project
6. WVDHHR Deficiencies re: Water Storage Facilities
7. CSX Bridge repairs
8. Replacement of: water meters, hand-held meter reading devices & software
9. Emergency Planning and safety issues
10. Bids for paving Washington Street

Cty Mgr reported on the following:

2. Sewer Upgrades & New Treatment Plant – should begin construction on Phase I after July 14 or 15

5. County Water PSD Project Agreement – The additional language had been submitted by Cty Atty to be included in the agreement. It was recommended that we approve the contract with the Pleasants County PSD.

Paula Wince moved to approve the agreement with the Pleasants County PSD, including the additional language as submitted by the Cty Atty.

Holly West seconded.
Motion passed unanimously.

On a related subject, Cty Mgr reported on the line extension to go out Route 39 that the PCPSD was proposing in their project. Cty Mgr believed it would be to everyone's best interest if the PSD tied into our existing lines (from Grant Street) instead of running their own lines right along side our lines. It would save them a great deal of money. The existing customers might have to install PRV valves. Perhaps the money saved could be used to purchase the valves and to extend the project to more customers.

Nothing had to be decided tonight, but we should let them know as soon as possible.

11. Run at County Park – Charlie Knight reported that the water was not going into the storm drains. It was going around it. The County still had work that they needed to do.

Cty Mgr would talk to them.

On another subject, Cty Mgr reported that with regard to Well #6, we will not be purchasing a spare motor for the well. After talking to Bill Hyre, it was explained that the new motor could go bad before we needed it if it was left in storage for any length of time.

Chief of Police's Report

There was nothing to report.

City Recorder's Report

Cty Rec reported that at the July 5 council meeting, there would be two public hearings. One would be the Bond Hearing for the sewer upgrades and the other would be to provide an opportunity to become acquainted with the proposed project [Water and Sewer line replacement and construction of a water storage tank] and to comment on economic and environmental impacts, service area, or alternatives to the project.

City Attorney's Report

Cty Atty had nothing to report on the following items on the agenda:

A. Collection of B&O taxes from the CSX rail replacement
B. Suit filed against MCS SPECTRUM
C. Ordinance re: 6" & 8" meter rates, sprinkler systems, bulk water rates, tap fees, call out charges, disconnect fees, and deposits.
D. Ordinance re: Regulation of truck trailer parking along Route 2
F. Claim in Circuit Court re: Charter/Conflict of Interest

Cty Atty reported on the following:

E. Completion of Annexation of Stewart Properties (Bd. of Ed.) The hearing has not been rescheduled, but it should be, soon.

G. Advice re: National Guard Duty – Cty Atty reported that he needed to get together with Cty Rec to get the language into the personnel policy.

Advice re: Travel-time pay to employees to and from training/classes – Cty Atty reported that he needed to get together with Cty Rec to get the language into the personnel policy.

H. Letter to responsible party re: Consent order to cap and re-drill two water wells – Cty Atty reported that it appeared that the City is entitled to new water wells. Cty Atty hoped to go to Charleston on Thursday or Friday to discuss this with EPA.

Mayor's Report

There was nothing to report.

Committee Reports

Holly West reported that the Marina Committee made $1067.00 at their fund raiser during the Bass Festival.

Discussions/Updates

1. FY 07 Budgets for Water/Sewer Fund and Refuse Fund.

Cty Rec explained that the Water Sewer Fund Budget was currently balanced. Cty Rec had reported earlier that the fund was only about $4000 out of balance. That had been taken care of. However, this budget has no surplus. We are on a pay-as-you-go basis. This fund will require close scrutiny.

Cty Rec explained that the Refuse Fund was out of balance by over $28,000. Our current fund balance was over $40,000. We could use that to balance the budget, but cautioned Council that we had used $20,000 to balance our current budget. There would not be a fund balance by FY08, at this rate. We must get this fund back under control.

Holly West moved to approve the FY07 Budgets as presented (using the unencumbered balance to balance the budget for the Refuse Fund).

Mike Hendricks seconded.
Motion passed unanimously.

Cty Mgr was going to talk to the SWA regarding our recycling operation to determine if we can afford to continue to run the recycle center. Cty Mgr would get back to Council by the next meeting or the one after that.

NEW BUSINESS:

911 Address Changes

Holly West reported that two areas were affected. Harmony Heights was one, and the other was a section of Sixth Street. Holly had submitted the changes, in writing, to Council.

Paula Wince moved to accept the 911 mapping address changes.
Jody Haddox seconded.
Motion passed unanimously.

NAEIR Membership Renewal

Mike Hendricks moved to renew the membership.
Paula Wince seconded.
Motion passed unanimously.

Mid Ohio Valley Health Department Permit Fees

Cty Rec explained that the City makes a contribution to the MOVHD each year. FY07 has $1500.00 budgeted.

Now the MOVHD is asking for fees for permits that they issue. There was discussion as to what we get for the $1500.00 that we give them. Perhaps our contribution should be reduced by the amount of fees that we must pay to them.

Cty Rec would call them and get more information.

Stop spending money and pay all invoices received between now and June 30

Cty Rec explained that this was an annual request. This procedure helps to eliminate payables at the end of a fiscal year. At the next meeting, Council would get a list of all invoices that had been paid up through June 30.

Mike Hendricks moved to shut off spending (except for just what was necessary) and to allow Cty Rec to pay all invoices received between now and June 30, 2006.

Jody Haddox seconded.
Motion passed unanimously.

Disposition of SMHS banners

Mayor Ingram reported that there were not enough good banners left, to put up on the light poles on Main Street one more time. Mayor Ingram recommended that the good ones be offered for sale for $60.00 each. That is about what they cost. Any money collected would go toward purchasing new banners for Main Street.

Mike Hendricks so moved.
Paula Winces seconded.
Motion passed unanimously.

Approval of Bills

The following bills were submitted for approval:

General Fund	$1,624.81
Special Levy Fund	488.54
Water Fund	1,131.31
Sewer Fund	1,747.67
Refuse Fund	418.43

Total All Funds $5,410.76

Jody Haddox moved to approve the bills for payment.
Paula Wince seconded.
Motion passed unanimously.

ADJOURNMENT:

Paula Wince motioned to adjourn.
Motion was seconded.
Motion passed unanimously.

Meeting adjourned at 8:00 p.m.

INVOICE AND AFFIDAVIT OF PUBLICATION

St. Marys Oracle

Ph. (304) 684-2424 • Fax (304) 684-2426
P.O. Box 27, St. Marys, WV 26170

WEST CENTRAL PUBLISHING
FEDERAL I.D. NO. 55-06700561
STATE OF WEST VIRGINIA
COUNTY OF PLEASANTS, to wit:

I, Randa Gregg, being first duly sworn upon my oath, do depose and say:

- that I am General Manager of The St. Marys Oracle, a Democratic newspaper,
- that I have been duly authorized to execute this affidavit,
- that such newspaper is regularly published weekly for at least fifty weeks during the calendar year, in the municipality of St. Marys, Pleasants County, West Virginia.
- that such newspaper is a newspaper of "general circulation" as defined in Art. 3, Chap. 59 of the Code of West Virginia 1931 as amended, within St. Marys and Pleasants 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 or consideration;
- that such newspaper is a newspaper to which the general public resorts for passing events or a political, religious, commercial and social nature and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices;
- and that the annexed notice described as follows:

Notice of Public Hearing - Bond Ordinance

WAS PUBLISHED IN SAID NEWSPAPER AS FOLLOWS:

TIMES	DATES
Two	June 28 & July 5, 2006

PUBLICATION CHARGES	$139.47

CERTIF-BILL TO

Jackson & Kelly
Attn: Samme Gee
PO Box 553
Charleston, WV 26322

(signed) Randa Gregg

NOTARIZATION

Taken, sworn to and subscribed before me this 5th day of July, 20 06

Katrina L Britton
Notary Public

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
KATRINA L. BRITTON
PLEASANTS COUNTY BANK
P.O. BOX 240 323 SECOND STREET
ST. MARYS WV 26170
MY COMMISSION EXPIRES JULY 15, 2008

PLEASE RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT TO:
P.O. BOX 27, ST. MARYS, WV 26170

THE CITY OF ST. MARYS

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDANCE

Notice is hereby given to any person interested that on June 21, 2006, the Council of The City of St. Marys (the "Issuer"), adopted an ordinance which, among other things:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the sewerage system (the "System") and the financing of the cost, not otherwise provided, thereof through the issuance of not more than $1,700,000 in aggregate principal amount of combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the Loan Agreement for the Bonds; authorized the execution and delivery of the Loan Agreement.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses and debt service on the Bonds; directed the creation of a sinking fund, a reserve account and a renewal and replacement fund for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not 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 of the System; pledged the Net Revenues of the System to payment of the bonds and established the rights of the registered owners of the Bonds to the Net Revenues of the System, provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.

6. Established the events of default and the remedies of the registered owners of the Bonds, and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of The City of St. Marys at a public meeting on July 5, 2006, ay 7:00 p.m., in the Council Chambers, City Hall, St. Marys, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the City Hall.

/s/ Linda Wilson
Recorder

6-28, 7-5 O, 6-24, 7-1 L

INVOICE AND AFFIDAVIT OF PUBLICATION

Pleasants County Leader

Ph. (304) 684-2424 • Fax (304) 684-2426
P.O. Box 27, St. Marys, WV 26170

WEST CENTRAL PUBLISHING
FEDERAL I.D. NO. 55-06700561
STATE OF WEST VIRGINIA
COUNTY OF PLEASANTS, to wit:

I, Randa Gregg, being first duly sworn upon my oath, do depose and say:

- that I am General Manager of Pleasants County Leader, a Republican newspaper,
- that I have been duly authorized to execute this affidavit,
- that such newspaper is regularly published weekly for at least fifty weeks during the calendar year, in the municipality of St. Marys, Pleasants County, West Virginia.
- that such newspaper is a newspaper of "general circulation" as defined in Art. 3, Chap. 59 of the Code of West Virginia 1931 as amended, within St. Marys and Pleasants 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 or consideration;
- that such newspaper is a newspaper to which the general public resorts for passing events or a political, religious, commercial and social nature and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices;
- and that the annexed notice described as follows:

Notice of Public Hearing - Bond Ordinance

WAS PUBLISHED IN SAID NEWSPAPER AS FOLLOWS:

TIMES	DATES
Two	June 24 & July 1, 2006

PUBLICATION CHARGES	$139.47

CERTIF-BILL TO

Jackson & Kelly
Attn: Samme Gee
PO Box 553
Charleston, WV 25322

(signed) Randa Gregg

NOTARIZATION

Taken, sworn to and subscribed before me this 5th day of July, 20 06

Katrina L Britton
Notary Public

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
KATRINA L. BRITTON
PLEASANTS COUNTY BANK
P.O. BOX 240, 323 SECOND STREET
ST. MARYS WV 26170
MY COMMISSION EXPIRES JULY 15, 2008

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THE CITY OF ST. MARYS

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2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the Loan Agreement for the Bonds; authorized the execution and delivery of the Loan Agreement.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses and debt service on the Bonds; directed the creation of a sinking fund, a reserve account and a renewal and replacement fund for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not 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 of the System; pledged the Net Revenues of the System to payment of the bonds and established the rights of the registered owners of the Bonds to the Net Revenues of the System; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.

6. Established the events of default and the remedies of the registered owners of the Bonds; and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

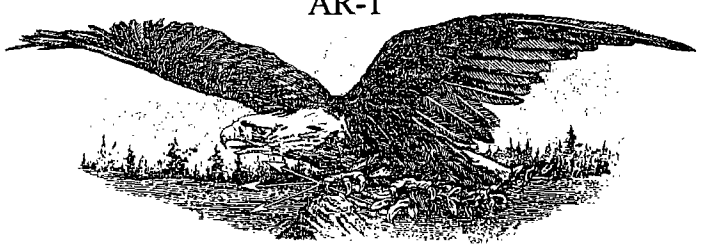
The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of The City of St. Marys at a public meeting on July 5, 2006, ay 7:00 p.m., in the Council Chambers, City Hall, St. Marys, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the City Hall.

/s/ Linda Wilson
Recorder

6-28, 7-5 O; 6-24, 7-1 L

AR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $1,581,250

KNOW ALL MEN BY THESE PRESENTS: That on this 10th day of July, 2006, THE CITY OF ST. MARYS, a municipal corporation and political subdivision of the State of West Virginia in Pleasants County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION FIVE HUNDRED EIGHTY-ONE THOUSAND TWO HUNDRED FIFTY DOLLARS ($1,581,250), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2007, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The interest on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2007, at the rate per annum as set forth on EXHIBIT B attached hereto.

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").

AR-1 SPECIMEN

The interest on this Bond are payable by check or draft of the Paying Agent mailed to the Registered Owner (as defined in the hereinafter described Bond Legislation) hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding a 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 the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated July 10, 2006.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on July 5, 2006, and a Supplemental Resolution duly adopted by the Issuer on July 5, 2006 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 B, DATED NOVEMBER 13, 1996, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $128,000; (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A, DATED JUNE 18, 1998, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $554,000; AND (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 22, 2003, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $425,000 (COLLECTIVELY, THE "PRIOR BONDS").

 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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2006 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, 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 2006 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2006 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

AR-1 SPECIMEN

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 costs of the Project and costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, THE CITY OF ST. MARYS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

L. Paul Ingram
Mayor

SPECIMEN

ATTEST:

Linda K. Wilson
Recorder

SPECIMEN

AR-1

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2006 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 10, 2006.

THE FIRST NATIONAL BANK OF ST. MARYS, as Registrar

By Johanna Burke
Its Authorized Officer

SPECIMEN

AR-1

EXHIBIT A

RECORD OF ADVANCES

SPECIMEN

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 82,850		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

AR-1

EXHIBIT B

DEBT SERVICE SCHEDULE SPECIMEN

$1,581,250

City of St. Marys (West Virginia)
30 Years from Closing Date, 0.5% Interest Rate
Closing Date: July 10, 2006

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Interest	Total P+I
09/01/2006	-	-	-	-
12/01/2006	-	-	-	-
03/01/2007	-	-	-	-
06/01/2007	-	-	-	-
09/01/2007	-	-	-	-
12/01/2007	12,794.00	0.500%	1,976.56	14,770.56
03/01/2008	12,810.00	0.500%	1,960.57	14,770.57
06/01/2008	12,826.00	0.500%	1,944.56	14,770.56
09/01/2008	12,842.00	0.500%	1,928.53	14,770.53
12/01/2008	12,858.00	0.500%	1,912.47	14,770.47
03/01/2009	12,874.00	0.500%	1,896.40	14,770.40
06/01/2009	12,890.00	0.500%	1,880.31	14,770.31
09/01/2009	12,906.00	0.500%	1,864.20	14,770.20
12/01/2009	12,922.00	0.500%	1,848.06	14,770.06
03/01/2010	12,939.00	0.500%	1,831.91	14,770.91
06/01/2010	12,955.00	0.500%	1,815.74	14,770.74
09/01/2010	12,971.00	0.500%	1,799.54	14,770.54
12/01/2010	12,987.00	0.500%	1,783.33	14,770.33
03/01/2011	13,003.00	0.500%	1,767.10	14,770.10
06/01/2011	13,020.00	0.500%	1,750.84	14,770.84
09/01/2011	13,036.00	0.500%	1,734.57	14,770.57
12/01/2011	13,052.00	0.500%	1,718.27	14,770.27
03/01/2012	13,069.00	0.500%	1,701.96	14,770.96
06/01/2012	13,085.00	0.500%	1,685.62	14,770.62
09/01/2012	13,101.00	0.500%	1,669.26	14,770.26
12/01/2012	13,118.00	0.500%	1,652.89	14,770.89
03/01/2013	13,134.00	0.500%	1,636.49	14,770.49
06/01/2013	13,150.00	0.500%	1,620.07	14,770.07
09/01/2013	13,167.00	0.500%	1,603.64	14,770.64
12/01/2013	13,183.00	0.500%	1,587.18	14,770.18
03/01/2014	13,200.00	0.500%	1,570.70	14,770.70
06/01/2014	13,216.00	0.500%	1,554.20	14,770.20
09/01/2014	13,233.00	0.500%	1,537.68	14,770.68
12/01/2014	13,249.00	0.500%	1,521.14	14,770.14
03/01/2015	13,266.00	0.500%	1,504.58	14,770.58
06/01/2015	13,283.00	0.500%	1,487.99	14,770.99
09/01/2015	13,299.00	0.500%	1,471.39	14,770.39
12/01/2015	13,316.00	0.500%	1,454.77	14,770.77
03/01/2016	13,332.00	0.500%	1,438.12	14,770.12
06/01/2016	13,349.00	0.500%	1,421.46	14,770.46
09/01/2016	13,366.00	0.500%	1,404.77	14,770.77
12/01/2016	13,382.00	0.500%	1,388.06	14,770.06
03/01/2017	13,399.00	0.500%	1,371.33	14,770.33
06/01/2017	13,416.00	0.500%	1,354.59	14,770.59

$1,581,250

City of St. Marys (West Virginia)
30 Years from Closing Date, 0.5% Interest Rate
Closing Date: July 10, 2006

SPECIMEN

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Interest	Total P+I
09/01/2017	13,433.00	0.500%	1,337.82	14,770.82
12/01/2017	13,449.00	0.500%	1,321.02	14,770.02
03/01/2018	13,466.00	0.500%	1,304.21	14,770.21
06/01/2018	13,483.00	0.500%	1,287.38	14,770.38
09/01/2018	13,500.00	0.500%	1,270.53	14,770.53
12/01/2018	13,517.00	0.500%	1,253.65	14,770.65
03/01/2019	13,534.00	0.500%	1,236.76	14,770.76
06/01/2019	13,551.00	0.500%	1,219.84	14,770.84
09/01/2019	13,568.00	0.500%	1,202.90	14,770.90
12/01/2019	13,585.00	0.500%	1,185.94	14,770.94
03/01/2020	13,602.00	0.500%	1,168.96	14,770.96
06/01/2020	13,619.00	0.500%	1,151.96	14,770.96
09/01/2020	13,636.00	0.500%	1,134.93	14,770.93
12/01/2020	13,653.00	0.500%	1,117.89	14,770.89
03/01/2021	13,670.00	0.500%	1,100.82	14,770.82
06/01/2021	13,687.00	0.500%	1,083.73	14,770.73
09/01/2021	13,704.00	0.500%	1,066.62	14,770.62
12/01/2021	13,721.00	0.500%	1,049.49	14,770.49
03/01/2022	13,738.00	0.500%	1,032.34	14,770.34
06/01/2022	13,755.00	0.500%	1,015.17	14,770.17
09/01/2022	13,773.00	0.500%	997.98	14,770.98
12/01/2022	13,790.00	0.500%	980.76	14,770.76
03/01/2023	13,807.00	0.500%	963.52	14,770.52
06/01/2023	13,824.00	0.500%	946.26	14,770.26
09/01/2023	13,842.00	0.500%	928.98	14,770.98
12/01/2023	13,859.00	0.500%	911.68	14,770.68
03/01/2024	13,876.00	0.500%	894.36	14,770.36
06/01/2024	13,893.00	0.500%	877.01	14,770.01
09/01/2024	13,911.00	0.500%	859.65	14,770.65
12/01/2024	13,928.00	0.500%	842.26	14,770.26
03/01/2025	13,946.00	0.500%	824.85	14,770.85
06/01/2025	13,963.00	0.500%	807.42	14,770.42
09/01/2025	13,981.00	0.500%	789.96	14,770.96
12/01/2025	13,998.00	0.500%	772.49	14,770.49
03/01/2026	14,016.00	0.500%	754.99	14,770.99
06/01/2026	14,033.00	0.500%	737.47	14,770.47
09/01/2026	14,051.00	0.500%	719.93	14,770.93
12/01/2026	14,068.00	0.500%	702.36	14,770.36
03/01/2027	14,086.00	0.500%	684.78	14,770.78
06/01/2027	14,103.00	0.500%	667.17	14,770.17
09/01/2027	14,121.00	0.500%	649.54	14,770.54
12/01/2027	14,139.00	0.500%	631.89	14,770.89
03/01/2028	14,156.00	0.500%	614.22	14,770.22
06/01/2028	14,174.00	0.500%	596.52	14,770.52

$1,581,250

City of St. Marys (West Virginia)
30 Years from Closing Date, 0.5% Interest Rate
Closing Date: July 10, 2006

SPECIMEN

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Interest	Total P+I
09/01/2028	14,192.00	0.500%	578.80	14,770.80
12/01/2028	14,209.00	0.500%	561.06	14,770.06
03/01/2029	14,227.00	0.500%	543.30	14,770.30
06/01/2029	14,245.00	0.500%	525.52	14,770.52
09/01/2029	14,263.00	0.500%	507.71	14,770.71
12/01/2029	14,281.00	0.500%	489.88	14,770.88
03/01/2030	14,298.00	0.500%	472.03	14,770.03
06/01/2030	14,316.00	0.500%	454.16	14,770.16
09/01/2030	14,334.00	0.500%	436.27	14,770.27
12/01/2030	14,352.00	0.500%	418.35	14,770.35
03/01/2031	14,370.00	0.500%	400.41	14,770.41
06/01/2031	14,388.00	0.500%	382.45	14,770.45
09/01/2031	14,406.00	0.500%	364.46	14,770.46
12/01/2031	14,424.00	0.500%	346.45	14,770.45
03/01/2032	14,442.00	0.500%	328.42	14,770.42
06/01/2032	14,460.00	0.500%	310.37	14,770.37
09/01/2032	14,478.00	0.500%	292.30	14,770.30
12/01/2032	14,496.00	0.500%	274.20	14,770.20
03/01/2033	14,514.00	0.500%	256.08	14,770.08
06/01/2033	14,533.00	0.500%	237.94	14,770.94
09/01/2033	14,551.00	0.500%	219.77	14,770.77
12/01/2033	14,569.00	0.500%	201.58	14,770.58
03/01/2034	14,587.00	0.500%	183.37	14,770.37
06/01/2034	14,605.00	0.500%	165.14	14,770.14
09/01/2034	14,624.00	0.500%	146.88	14,770.88
12/01/2034	14,642.00	0.500%	128.60	14,770.60
03/01/2035	14,660.00	0.500%	110.30	14,770.30
06/01/2035	14,679.00	0.500%	91.97	14,770.97
09/01/2035	14,697.00	0.500%	73.62	14,770.62
12/01/2035	14,715.00	0.500%	55.25	14,770.25
03/01/2036	14,734.00	0.500%	36.86	14,770.86
06/01/2036	14,752.00	0.500%	18.44	14,770.44
Total	**$1,581,250.00**	-	**$117,360.80**	**$1,698,610.80**

$1,581,250

City of St. Marys (West Virginia)
30 Years from Closing Date, 0.5% Interest Rate
Closing Date: July 10, 2006

SPECIMEN

Debt Service Schedule

Part 4 of 4

Yield Statistics

Accrued Interest from 07/10/2006 to 07/10/2006	(9,026.30)
Bond Year Dollars	$25,277.40
Average Life	15.986 Years
Average Coupon	0.4642914%
Net Interest Cost (NIC)	0.4642914%
True Interest Cost (TIC)	0.5004434%
Bond Yield for Arbitrage Purposes	0.5004434%
All Inclusive Cost (AIC)	0.5004434%

IRS Form 8038

Net Interest Cost	0.5000004%
Weighted Average Maturity	15.986 Years

AR-1

(Form of)

SPECIMEN

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

{C1101583.1}

BOND REGISTER 2.12

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

Bond Number	Principal Amount	Date of Bond
No. AR-1	$1,581,250	July 10, 2006

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

The First National Bank of St. Marys

_____
Authorized Representative

_____ _____

_____ _____

_____ _____

CITY OF ST. MARYS

BOND ORDINANCE

(Combined Waterworks and Sewerage System
Revenue Refunding Bonds, Series 1996 A
and
Combined Waterworks and Sewerage System
Revenue Bonds, Series 1996 B)

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BOND ORDINANCE

Introduced in Council

_____

Introduced by

_____

Passed by Council

_____

An Ordinance authorizing the issuance of not more than $60,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A, of the City of St. Marys to be used to refund the City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 1982; authorizing the issuance of not more than $128,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, of the City of St. Marys to be used, along with other funds and moneys of, or available to, the City of St. Marys which may be lawfully expended for such purposes, to finance the cost of such design of certain extensions, additions, betterments and improvements to the wastewater treatment facility portion of the combined waterworks and sewerage system of the City of St. Marys and to pay other costs in connection therewith; providing for the rights and remedies of and security for the owners of such bonds; authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming a loan agreement or loan agreements relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions related thereto.

Be It Ordained by the Council of the City of St. Marys, West Virginia:

ARTICLE 1

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 20, and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise.

A. "Act" shall mean collectively Chapter 8, Article 20, and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "Authority" shall mean the West Virginia Water Development Authority, which is expected to be the original purchaser of the Series 1996 B Bonds on behalf of the Program, or any other agency of the State of West Virginia that succeeds to the function of the Authority.

C. "Bank" shall mean the bank set forth in a resolution supplemental hereto.

D. "Board" shall mean the Water and Sewer Board of the Issuer, as created and appointed by ordinance enacted by the Council of the Issuer pursuant to the provisions of Section 18 of the Act, and any successor thereto.

E. "Bond Construction Trust Fund" shall mean the fund created by Section 6.01 hereof.

F. "Bondholder" or "Owner of the Bonds" or "Registered Owners" or any similar term shall mean any person who shall be the registered owner of any Outstanding Bonds as hereinafter defined.

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

H. "Bond Year" shall mean 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.

I. "Bonds" shall mean, collectively, the City of St. Marys Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A and the City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, originally authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

J. "Closing Date" shall mean the date upon which there is an exchange of the Bonds for the proceeds or a portion of the proceeds representing the purchase of the Bonds.

K. "Code" shall mean the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

L. "Commission" shall mean the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Commission.

M. "Commitment Letter" shall mean the letter dated August 8, 1996, from The First National Bank of St. Marys advising of its intent to purchase the Series 1996 A Bonds.

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

O. "Consulting Engineers" shall mean S & S Engineers, Inc., Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

P. "Cost of Project" or "Costs" shall mean those costs described in Section 1.04(F) hereof to be a part of the cost of the design phase or the acquisition and construction phase of the Project, as the case may be, as hereinafter defined.

Q. "Council" shall mean the Council of the Issuer.

R. "Debt Service" shall mean the scheduled amount of interest and amortization of principal payable on the Series 1996 A Bonds and the Series 1996 B Bonds, as hereinafter defined, 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.

S. "DEP" shall mean the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds the function of the DEP.

T. "Depository Bank" shall mean the bank designated as such in the Supplemental Resolution, as hereinafter defined, and its successors and assigns.

U. "Excess Investment Earnings" shall mean an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment earnings] had been equal to the Yield on the Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

V. "FDIC" shall mean the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

W. "First National Bank" shall mean The First National Bank of St. Marys, which is expected to be the original purchaser and Registered Owner of the Series 1996 A Bonds.

X. "Fiscal Year" shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

Y. "Fund" shall mean the "West Virginia Water Pollution Control Revolving Fund" established by the State, administered by the DEP and funded by capitalization grants awarded to the State pursuant to the federal Clean Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the construction, acquisition and improvement of wastewater treatment facilities.

Z. "Grant" shall mean any grant or grants received by the Issuer in aid of the cost of the design, acquisition and construction of the Project.

AA. "Grant Agreement" shall mean a written commitment for the payment of any Grant, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is repaid to the Issuer.

BB. "Grant Receipts" shall mean all monies received by the Issuer on account of any Grant.

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

DD. "Gross Revenues" shall mean 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) or any Tap Fees, as hereinafter defined, and for the furnishing by the Issuer of miscellaneous service.

EE. "Independent Accountants" shall mean any firm of certified public accountants which shall be retained by the Issuer as independent accountants for the System

or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

FF. "Investment Property" shall mean any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property or residential rental property for family units which is not located within the jurisdiction of the city 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.

GG. "Issuer" shall mean the City of St. Marys, a municipal corporation of the State of West Virginia, and, when appropriate, also means the Council thereof and any department, board, organizing or instituting thereof in control of the management and operation of the System, as hereinafter defined.

HH. "Loan Agreement" shall mean the Water Pollution Control Revolving Fund Loan Agreement by and among the Authority, the DEP and the Issuer providing for the purchase of the Bonds from the Issuer by the Authority, the form of which will be attached to the Supplemental Resolution approving each series of bonds.

II. "Mayor" shall mean the Mayor of the Issuer.

JJ. "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 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

KK. "Net Revenues" shall mean the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereafter defined.

LL. "Nonpurpose Investment" shall mean any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

MM. "Operating Expenses" shall mean 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, DEP, fiscal agents, the Registrar and Paying Agent (both as hereinafter 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.

NN. "Ordinance" or "this Ordinance" shall mean this ordinance as hereafter amended or supplemented.

OO. "Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean the not more than $60,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A issued for the purpose of refunding the Series 1982 Bonds, as hereinafter defined, and not more than the $128,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B issued for the purpose of paying the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

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

QQ. "Parity Bonds" shall mean additional Bonds issued under the provisions and within the limitations prescribed by Section 8.08 hereof, payable from Net Revenues on a parity with the Original Bonds.

RR. "Paying Agent" shall mean the West Virginia Municipal Bond Commission or such other entity or authority as may be designated as a paying agent by the Issuer.

SS. "Prior Ordinance" shall mean the Ordinance enacted November 29, 1982, with respect to the Series 1982 Bonds, as hereinafter defined.

TT. "Private Business Use" shall mean 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.

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

VV. "Project" shall mean the design of certain extensions, additions, betterments and improvements to the sewage portion of the System.

WW. "PSC" means the Public Service Commission of West Virginia and any successors to the functions thereof.

XX. "PSC Order" means the recommended decision of the PSC regarding the acquisition and construction of the Project which grants the Issuer a certificate of convenience and necessity and approval of financing.

YY. "Qualified Investments" shall mean and include 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; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligation 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 Federal Deposit Insurance Corporation ("FDIC"), shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must

be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner 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 "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

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

ZZ. "Recorder" shall mean the Recorder of the Issuer.

AAA. "Registrar" shall mean the entity or entities named as such in the Supplemental Resolution.

BBB. "Regulations" shall mean the regulations promulgated under the Code.

CCC. "Renewal and Replacement Fund" shall mean the fund created by Section 6.01(2) hereof.

DDD. "Reserve Accounts" shall mean, collectively, the accounts in the respective Sinking Funds, as hereinafter defined, created by Sections 6.02(1) and 6.02(2) hereof.

EEE. "Reserve Requirements" shall mean as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 1996 A Bonds or the Series 1996 B Bonds in the then current or any succeeding Fiscal Year.

FFF. "Revenue Fund" shall mean the fund created in Section 6.01(1) hereof.

GGG. "Series 1982 Bonds" shall mean the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1982, dated November 29, 1982, issued in the original principal amount of $200,000 and outstanding on the date of introduction of this Ordinance in the amount of $57,687, to be refunded by the Series 1996 A Bonds authorized hereunder.

HHH. "Series 1996 A Bonds" shall mean the not more than $60,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A of the Issuer.

III. "Series 1996 A Bonds Reserve Account" shall mean the Series 1996 A Bonds Reserve Account established in the Series 1996 A Bonds Sinking Fund pursuant to Section 6.02(1) hereof.

JJJ. "Series 1996 A Bonds Reserve Requirement" shall mean, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1996 A Bonds in the then current or any succeeding year.

KKK. "Series 1996 B Bonds" shall mean the not more than $128,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B of the Issuer.

LLL. "Series 1996 B Bonds Reserve Account" shall mean the Series 1996 B Bonds Reserve Account established in the Series 1996 B Bonds Sinking Fund pursuant to Section 6.02(2) hereof.

MMM."Series 1996 B Bonds Reserve Requirement" shall mean, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1996 B Bonds in the then current or any succeeding year.

NNN. "Sinking Funds" shall mean, collectively, the funds created by Sections 6.02(1) and 6.02(2) hereof.

OOO. "SRF Administrative Fee" shall mean any administrative fee required to be paid pursuant to the Loan Agreement.

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

QQQ. "State" shall mean the State of West Virginia.

RRR. "Supplemental Resolution" shall mean any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the", refers specifically to the supplemental resolution or resolutions authorizing the sale of the Original Bonds; provided, that any matter intended by this Ordinance to be

included in the Supplemental Resolution with respect to the Original Bonds and not so included may be included in another Supplemental Resolution.

SSS. "Surplus Revenues" shall mean the net revenues not required by this Ordinance to be set aside and held for the payment of or security for the Bonds, including the Reserve Accounts and the Renewal and Replacement Fund.

TTT. "System" shall mean the complete existing combined waterworks and sewerage system now owned by the Issuer, consisting of a waterworks system in its entirety or any integral part thereof, and a sewerage treatment and collection system, and shall include any extensions, additions, betterments and improvements thereto, including the wastewater treatment facility, hereafter acquired or constructed for said waterworks and sewerage system from any sources whatsoever, both within and without said Issuer.

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

VVV. "Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with general accepted accounting principles.

The terms "herein", "hereunder", "hereby", "hereto", "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of the enactment of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Original Bonds and any other bonds authorized to be issued hereunder by those who shall own the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by said Issuer shall be for the equal benefit, protection and security of the legal owners of any and all of such Bonds, all of which shall

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

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The City of St. Marys, West Virginia, a municipal corporation and political subdivision of the State in Pleasants County of said State, now owns a combined waterworks and sewerage system consisting of a waterworks system in its entirety or any integral part thereof, including some or all of mains, hydrants, meters, values, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and a sewage treatment plant or plants and some or all of collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes (herein referred to as the "System").

B. In accordance with Section 18 of the Act, the System is under the supervision and control of the Water and Sewer Board of the Issuer (the "Board").

C. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be first designed and then acquired and constructed the Project, consisting of wastewater treatment plant upgrades, all of which will constitute extensions, additions, betterments and improvements to the System at an estimated cost not to exceed $2,000,000, in accordance with the plans and specifications to be prepared by the Consulting Engineers, which plans and specifications following approval by DEP will be on file with the Issuer, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and will have an estimated useful life in excess of twenty (20) years.

D. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of said System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds and all sinking fund, reserve, renewal and replacement and other payments provided for in this Ordinance.

E. Pursuant to the Act, the Issuer is authorized and empowered to issue revenue refunding bonds to refund, pay or discharge all or any part of its outstanding revenue bonds. The Issuer is advised that present value debt service savings will be realized as a result of the refunding of the Series 1982 Bonds. The registered owner of the Series 1982 Bonds has agreed to the current refunding of said Series 1982 Bonds. The Issuer hereby determines that it will be to the benefit of the Issuer and its residents to refund on a current

basis the Series 1982 Bonds by paying in full the entire outstanding principal of, the redemption premium, if any, and the interest on, the Series 1982 Bonds, on the Closing Date, in the manner set forth herein with the proceeds of the Series 1996 A Bonds, in the maximum aggregate principal amount of not to exceed $60,000, and other moneys of the Issuer, such Series 1996 A Bonds to be secured by and payable from the Net Revenues of the System, on a parity with the Series 1996 B Bonds.

F. It is in the best interests of the Issuer that its Series 1996 A Bonds be sold to the First National Bank pursuant to its Commitment Letter, attached hereto as Exhibit B and made a part hereof, to take advantage of the favorable terms available to the Issuer.

G. It is deemed necessary for the Issuer to issue its Series 1996 B Bonds in the aggregate principal amount of not more than $128,000 to finance the costs of design of the Project herein described through the Program. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor;; engineering, fiscal and legal expenses; expenses for estimates of cost and revenue; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, any fees or expenses of the Authority or DEP and any defaulted interest thereon, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Original Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of the 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 Original Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

H. It is in the best interests of the Issuer that its Series 1996 B Bonds be sold to the West Virginia Water Development Authority pursuant to the terms and provisions of the Loan Agreement by and among the Authority, the DEP and the Issuer. At such time as the Issuer considers reasonable, it shall be in the best interests of the residents of the Issuer that Bonds for the acquisition and construction of the Project be issued pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and DEP or such other lenders as may be approved by an ordinance or supplemental resolution.

I. The Issuer has complied with all requirements of West Virginia law relating to the refunding of the Series 1982 Bonds, authorization of the design of the Project and the issuance of the Bonds for the refunding and design phase of the Project. The Issuer has received the approval of the West Virginia Infrastructure and Jobs Development Council.

J. The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements. It is in the best interest of the Issuer and its inhabitants to qualify for the small governmental unit exception from the rebate

provisions for the Bonds issued for the design phase. Accordingly, it is hereby found and determined:

(1) The Issuer is a governmental unit with general taxing powers.

(2) The Original Bonds are not private activity bonds as defined by the Code.

(3) Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Original Bonds will be used for local governmental activities of the Issuer.

(4) The Issuer reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the Issuer and all subordinate entities thereof during the calendar year in which the Bonds for the refunding and design phase will be issued will not aggregately exceed $5,000,000. The Issuer reasonably expects to issue the Bonds in calendar year 1996.

K. The Issuer will not permit, at any time, any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

L. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

M. The Bonds will be federally guaranteed within the meaning of the Code.

N. It is reasonably anticipated that all proceeds of the Original Bonds will be spent within three years from the date of issuance.

O. The Issuer hereby finds and determines that the amount of tax-exempt obligations (other than private activity bonds) which it anticipates issuing during calendar year 1996 shall not exceed $10,000,000 and therefore the Issuer hereby designates the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01 Authorization of Refunding. The Series 1982 Bonds Outstanding as of the date of issuance of the Series 1996 A Bonds are hereby ordered to be refunded (paid in full), and the pledge of Net Revenues in favor of the Holders of such refunded Series 1982 Bonds imposed by the Prior Ordinance, the moneys in the funds and account created by such ordinance and any other funds pledged by such ordinance thereto are hereby ordered terminated, discharged and released upon full payment to the Holder of the Series 1982 Bonds of the principal of, redemption premium, if any, and interest on, the Series 1982 Bonds on the Closing Date with the proceeds of the Series 1996 A Bonds, together with other moneys available therefor. On the Closing Date, the amounts on deposit in the sinking fund, including the reserve account therein, and all other funds and accounts created and maintained on behalf of the Series 1982 Bonds shall be deposited in the Series 1996 A Bonds Reserve Account in an amount not to exceed the Series 1996 A Bonds Reserve Requirement as shall be set forth in the Supplemental Resolution or applied to the payment of the principal of and interest on the Series 1982 Bonds. Upon the payment and retirement of the Series 1982 Bonds, the amounts on deposit in the Renewal and Replacement Fund created and maintained under the Prior Ordinance shall be transferred to the Renewal and Replacement Fund created under this Ordinance.

ARTICLE III

AUTHORIZATION OF DESIGN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM

Section 3.01. Authorization of Design of Project. There is hereby authorized the design of plans and specifications for the Project by the Consulting Engineers as described in the Program application.

Section 3.02. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized the acquisition and construction of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers, to be approved by DEP and the Issuer and to be filed in the office of the Board.

Prior to issuing the Bonds for the acquisition and construction of the Project, the Issuer must receive acceptable bids or enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Program.

ARTICLE IV

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 4.01. Authorization and Terms of Original Bonds. For the purposes of funding the reserve accounts, paying costs of issuance, refunding the Series 1982 Bonds and financing a portion of the costs of the design, acquisition and construction of the Project not otherwise provided for, there shall be issued the Original Bonds of the Issuer. The Original Bonds shall be issued in one or more series with the first two series to be designated "Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A" in an aggregate principal amount of not more than $60,000 and "Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B" in an aggregate principal amount of not more than $128,000. Each series of Original Bonds shall be dated as of the date of delivery thereof, shall bear such interest, shall mature at such times, not exceeding twenty-one (21) years after the date of issuance, and in such amount or amounts as shall be set out in the Debt Service Schedule for the Series 1996 A Bonds and Schedule X to the Loan Agreement for the Series 1996 B Bonds. The payment of principal and interest on the Series 1996 A Bonds shall be as set forth on the Debt Service Schedule. The Series 1996 B Bonds shall not bear interest during the construction period but interest shall commence accruing on the Completion Date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Series 1996 B Bonds shall be as set forth on Schedule Y to the Loan Agreement. The Original Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and the Loan Agreement and as the Council of the Issuer shall prescribe by resolution (or by supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Original Bonds.

The Bonds shall be payable as to principal at the principal 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 mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner of the Series 1996 B Bonds, interest on the Series 1996 B Bonds may be paid by wire transfer or other methods satisfactory to the Issuer, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Series 1996 A Bonds shall be issued in the form of a single bond, fully registered to the First National Bank, with a payment record attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided on the Debt Service Schedule and said Supplemental Resolution. Unless otherwise provided by the Supplemental Resolution, the Series 1996 B Bonds shall be issued in the form of a single bond, fully registered to the

Authority, with a record of advances and a payment record attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Loan Agreement and said Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority and the First National Bank shall not be obligated, to pay any expenses of such exchange.

Subsequent series of Bonds may be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. Said Bonds shall be dated as of the date specified in said Supplemental Resolution and shall bear interest from such date.

Section 4.02. Execution of Bonds. Said Bonds shall be executed in the name of the Issuer by the Mayor and attested by the Recorder, and the seal of the Issuer shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 4.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 4.08, shall have been duly manually executed by the 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 Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the 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 4.04. 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 owner, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain Outstanding, the Issuer, through the Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Registrar. For every such exchange or transfer of Bonds, the 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 Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Registrar shall not be obliged to make any such exchange or transfer of Bonds during the 15 days 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.

Section 4.05. 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 deliver a new Bond 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 Owner's furnishing the Issuer proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur and the Registrar shall authenticate the new Bond. All Bonds so surrendered shall be cancelled by the Registrar and held for the account of the Issuer. If 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 therefor.

Any such duplicate Bonds issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 4.06. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Owner or Owners 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 any interest thereon.

Section 4.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Original 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 funds and the reserve accounts therein and in the Renewal and Replacement Fund hereinafter established are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds as the same become due.

Section 4.08. Form of Original Bonds. The text of each series of Original Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

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[FORM OF THE ORIGINAL BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF PLEASANTS
CITY OF ST. MARYS
COMBINED
WATERWORKS AND SEWERAGE SYSTEM
REVENUE REFUNDING BONDS, SERIES 1996 A

No. R-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That the City of St. Marys, a municipal corporation of the State of West Virginia, in Pleasants 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 First National Bank of St. Marys (the "First National Bank "), or registered assigns, the sum of _____ ($_____), in annual installments on the 1st day of _____ in each year commencing _____, 199_, as set forth on the "Annual Schedule of Debt Service" attached as Exhibit A hereto and incorporated herein by reference.

Interest shall be payable in semiannual installments on the 1st day of _____ and the 1st day of _____, in each year commencing _____, 199_, at the rate of five and one-half percent (5½%) per annum. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, 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, as Paying Agent. The interest on this Bond is payable by check or draft mailed to the First National Bank at the address as it appears on the books of the Registrar on the interest payment date or by such other method as shall be mutually agreeable so long as the First National Bank is registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part; provided, however, that notice in writing of such redemption shall be given to the registered holder hereof by registered or certified mail not less than thirty days prior to the date fixed for redemption.

This Bond is issued (i) to refund the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1982 and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Issuer on the __ day of _____, 1996, and a Supplemental Resolution adopted

by the Issuer on the __ day of _____, 1996 (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 B (THE "SERIES 1996 B BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues to be derived from the operation of the System on a parity with the pledge of Net Revenues in favor of the holders of the Series 1996 B Bonds, and moneys in the Reserve Accounts created under the Ordinance and unexpended proceeds of the Bonds (the "Bond Proceeds"). 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 Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds including the Series 1996 B Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Accounts an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith including the Series 1996 B Bonds in any succeeding fiscal year, respectively, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, 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 Ordinance, only upon the books of _____, _____, (the "Registrar"), kept for that purpose at the office 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 provided all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Ordinance 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 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 Ordinance, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF ST. MARYS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1996.

THE CITY OF ST. MARYS

[SEAL]

By: _____
Its: Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1996 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

_____,
as Registrar

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said City with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF PLEASANTS
CITY OF ST. MARYS
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1996 B

No. R-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ST. MARYS, a municipal corporation of the State of West Virginia, in Pleasants 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 West Virginia Water Development Authority (the "Authority "), or registered assigns, the sum of _____ ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on the 1st day of March, the 1st day of June, the 1st day of September, and the 1st day of December in each year commencing _____, 199_, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with interest. The SRF Administrative Fee (as defined in the hereinafter described Ordinance) shall also be payable quarterly on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December, commencing _____, 199_, as set forth on Exhibit B attached hereto.

Interest on this Bond shall be zero (0%) percent from the date hereof until the Date of Completion of the Project, and after such date interest shall be payable on the 1st day of March, the 1st day of June, the 1st day of September, and the 1st day of December in each year beginning _____, 199_, at the rate of _____ percent (__%) per annum. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, 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 Paying Agent. The interest on this Bond is payable by check or draft mailed to the Authority at the address as it appears on the books of the Registrar on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is 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 as otherwise provided by the Loan Agreement dated _____, 1996, among the Authority, the DEP and the Issuer.

This Bond is issued (i) to pay costs of design of a wastewater treatment facility constituting improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the Issuer (the "Project"), and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Issuer on the ___ day of _____, 1996, and a Supplemental Resolution adopted by the Issuer on the __ day of _____, 1996 (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE REFUNDING BONDS, SERIES 1996 A (THE "SERIES 1996 A BONDS") ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues to be derived from the operation of the System on a parity with the pledge of Net Revenues in favor of the holders of the Series 1996 A Bonds, and moneys in the Reserve Accounts created under the Ordinance and unexpended proceeds of the Bonds (the "Bond Proceeds"). 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 Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds including the Series 1996 A Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Accounts an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith including the Series 1996 A Bonds in any succeeding fiscal year, respectively, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of _____, _____, (the "Registrar"), kept for that purpose at the office 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.

This Bond, under the provision of the Act is, and has provided all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Ordinance 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 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 Ordinance, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF ST. MARYS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1996.

THE CITY OF ST. MARYS

[SEAL]

By: _____
Its: Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1996 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

_____,
as Registrar

By: _____
Its Authorized Officer

Dated: _____

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date		Amount	Date
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 4.09. Sale of Original Bonds; Ratification and Execution of Loan Agreement with Authority and DEP. The Series 1996 A Bonds shall be sold to the First National Bank. The Series 1996 B Bonds for each phase shall be sold to the Authority, pursuant to the respective terms and conditions of the Loan Agreement. As a ratification of the resolution of Council authorizing execution of the Loan Agreement, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority and DEP. The Loan Agreement is specifically incorporated into this Ordinance.

Section 4.10. Certificate of Consulting Engineers. Prior to the issuance of the Series 1996 B Bonds, the Issuer must obtain the certificate of the Consulting Engineers in the form attached to the Loan Agreement to the effect that the Project has been or will be designed as provided in the Program application or constructed in accordance with the approved plans, specifications and design as submitted to the DEP and the Authority, as the case may be, the Project is or will be adequate for the purposes for which it was designed, and the funding plan as submitted to the DEP and the Authority is sufficient to pay the costs of the design or acquisition and construction, as the case may be, of the Project.

Section 4.11. Amended Schedule A Filing. Within 60 days following the Completion Date the Issuer will file with the Authority its schedule in substantially the form of "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds used therefor.

ARTICLE V

[RESERVED]

ARTICLE VI

SYSTEM REVENUES AND APPLICATION THEREOF

Section 6.01. 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:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

Section 6.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission for each series of Original Bonds:

(1) Series 1996 A Bonds Sinking Fund;

(a) Within the Series 1996 A Bonds Sinking Fund, the Series 1996 A Bonds Reserve Account.

(2) Series 1996 B Bonds Sinking Fund;

(a) Within the Series 1996 B Bonds Sinking Fund, the Series 1996 B Bonds Reserve Account.

Section 6.03. 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 Ordinance and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner therein and herein provided.

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

(2) The Issuer shall next, on the first day of each month (i) commencing 6 months prior to the first date of payment of interest on the Series 1996 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1996 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse

between the date of such initial deposit in the Sinking Fund and the next semiannual interest payment date is less than 6 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 12 months prior to the first date of payment of principal on the Series 1996 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1996 A Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Sinking Fund and the next annual principal payment date is less than 12 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. When additional series of Original Bonds are issued, the payment of interest and principal on said bonds shall be made simultaneously with the payments described in this Section 6.03(2) and to the extent that Net Revenues are insufficient to make all of the payments such payments shall be made pro rata among each series of Bonds.

(3) The Issuer shall next, on the first day of each month (i) commencing 3 months prior to the first date of payment of interest on the Series 1996 B Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Sinking Fund, a sum equal to 1/3rd of the amount of interest which will become due on the Series 1996 B Bonds on the next ensuing quarterly interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 3 months prior to the first date of payment of principal on the Series 1996 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 1996 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date. When additional series of Original Bonds are issued, the payment of interest and principal on said bonds shall be made simultaneously with the payments described in this Section 6.03(3) and to the extent that Net Revenues are insufficient to make all of the payments such payments shall be made pro rata among each series of Bonds.

(4) The Issuer shall next transfer from the Revenue Fund and pay to the Commission on the first day of each month, commencing 12 months prior to the first date of payment of principal of the Series 1996 A Bonds, if not fully funded upon issuance of the Bonds, for deposit in the Series 1996 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1996 A Bonds Reserve Requirement; provided, that no further payments shall

be made into the Series 1996 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1996 A Bonds Reserve Requirement.

(5) The Issuer shall next transfer from the Revenue Fund and pay to the Commission on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1996 B Bonds, if not fully funded upon issuance of the Bonds, for deposit in the Series 1996 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1996 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1996 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1996 B Bonds Reserve Requirement.

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

Moneys in the Sinking Funds shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Accounts in the Sinking Funds shall be used only for the purpose of paying principal of or interest on the Bonds, as the same shall come due, when other moneys in the Sinking Funds are insufficient therefor, and for no other purpose. Except for the funds required to be deposited in the Rebate Fund, all investment earnings on moneys in the Series 1996 A Bonds Reserve Account shall be transferred, not less than once each year, to the Series 1996 A Bonds Sinking Fund and all investment earnings on the moneys in the Series 1996 B Bonds Reserve Account shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Project and thereafter, to the Series 1996 B Bonds Sinking Fund.

Any withdrawals from the Reserve Accounts which result in a reduction in the balance of the Reserve Accounts to an amount below the Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments to the Sinking Funds for payment of debt service on the Bonds have been made in full.

B. As and when additional Bonds ranking on a parity with the Original Bonds are issued, provision shall be made for additional payments into the Sinking Funds

sufficient to pay any interest on such additional Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Accounts in an amount equal to the Reserve Requirements.

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

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

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

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

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the System.

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

Simultaneously with the deposit made to the Commission pursuant to Section 6.03(3) the Issuer shall remit to the Commission the SRF Administrative Fee in connection with the Series 1996 B Bonds.

The Issuer shall complete the "monthly payment form," which form is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its payment check to the Authority by the fifth day of each calendar month for the Series 1996 B Bonds.

E. The moneys in excess of 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.

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

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

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

Section 6.04. Excess Bond Proceeds. The Issuer shall place any excess proceeds from the Series 1996 B Bonds not required for the Project Costs in the Series 1996 B Bonds Reserve Account to the extent that the balance therein is not equal to the Series 1996 B Bonds Reserve Requirement.

ARTICLE VII

APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 7.01. Application of Series 1996 A Bond Proceeds. From the moneys received from the sale of the Series 1996 A Bonds, the Issuer shall pay in full the principal of, redemption premium, if any, and interest on, the Series 1982 Bonds, to the Holder of the Series 1982 Bonds.

Section 7.02. Application of Series 1996 B Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Series 1996 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. The amount of the proceeds which together with the earnings thereon shall be at least sufficient to pay interest on the Series 1996 B Bonds for the period specified in the Supplemental Resolution shall be deposited in the Series 1996 B Bonds Sinking Fund, if any; provided, that such period may not extend beyond the date which is six months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1996 B Bonds, there shall be deposited with the Commission in the Series 1996 B Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 1996 B Bonds Reserve Account.

C. The remaining moneys derived from the sale of the Series 1996 B Bonds shall be deposited by the Issuer as received from time to time in the Bond Construction Trust Fund hereinafter established.

D. There is hereby created and established with the Depository Bank a special fund, designated the "Bond Construction Trust Fund". The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in this Ordinance. Except with respect to any transfers to the Rebate Fund, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 7.03. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1996 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 7.02 hereof, disbursements from the Series 1996 B Bond Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) A "Payment Requisition Form," attached to the Loan Agreement as Exhibit C, and

(2) a certificate, signed by the Mayor 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 disbursements theretofore made;

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

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

ARTICLE VIII

ADDITIONAL COVENANTS OF THE ISSUER

Section 8.01. General Covenants of the Issuer. All the covenants, agreements and provisions set forth in this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any owner or owners of the Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the owners of the Bonds as hereinafter provided in this Article VIII. 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 8.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Ordinance. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest thereon.

Section 8.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Original Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in this Ordinance are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds and for the other purposes provided in the Ordinance.

Section 8.04 Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the rate ordinance of the Issuer enacted October 11, 1994 and as amended September 19, 1995.

Section 8.05. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchaser

thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirements is on deposit in the Reserve Accounts and the reserve accounts for the Bonds is funded at least at the requirement provided for in the Ordinance such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Original Bonds.

Section 8.06. Completion, Operation and Maintenance; Schedule of Cost. The Issuer will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in the Ordinance.

Upon completion of the Project, the Issuer shall file with the Authority a schedule in substantially the form of Amended Schedule A to the Program loan application, setting forth the actual costs of the Project and sources of funds therefor.

Section 8.07. Sale of the System. The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the appropriate Sinking Funds, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or 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. The Council may then, if it be so advised, as evidenced by certificates of the Consulting Engineers, by resolution duly adopted, approve and concur in such finding and provide for the sale of such property if the amount to be received therefor is not in excess of ten thousand dollars ($10,000), or authorize such sale, lease or other disposition of such property upon public bidding if the

amount to be received therefor is in excess of ten thousand dollars ($10,000) but not in excess of fifty thousand dollars ($50,000). The proceeds of any such sale, lease or other disposition of such property, not in excess of $10,000, shall be deposited in the Renewal and Replacement Fund. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit in the appropriate Sinking Funds and shall be applied only to the redemption of Bonds of the last maturities then Outstanding or to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds. Such payments of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

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 shall be in excess of fifty thousand dollars ($50,000) and insufficient to pay or redeem prior to maturity all the Bonds then Outstanding without the prior approval and consent in writing of the owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then owners of the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 8.08. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 8.09 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 8.09 hereafter. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the respective Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to said pari passu additional Bonds, 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 Ordinance or upon the System or any part thereof.

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

System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 8.09. Parity Bonds. A. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions, in the manner herein provided and with the prior written consent of the Authority and the DEP and in compliance with the conditions and requirements herein provided.

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

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by Independent 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, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual net revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

(1) Each series of Original Bonds then Outstanding;

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

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

The "estimated average increased annual net revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased net revenues estimated to be derived from any increase in rates enacted by the Issuer, the time for appeal of which shall have 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 additional Parity Bonds.

The Net Revenues actually derived from the System during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such net revenues such additional net revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Accountants as stated in a certificate jointly made

and signed by the Consulting Engineers and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have 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 acquisition or construction of such extensions, additions, betterments or improvements to the System which are to be financed by such Parity Bonds.

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

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

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

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

With the written consent in advance of the Authority and anything to the contrary in this Section 8.09 notwithstanding, Parity Bonds may be authorized and issued by the Issuer pursuant to Supplemental Resolution solely to complete the Project as described in the Issuer's Program application to the Authority and DEP in accordance with the plans

and specifications, in the event that the Original Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition and construction of the Project; provided, however, that, prior to the issuance of such Parity Bonds under the provisions of this paragraph, the Consulting Engineers shall file with the Recorder a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority.

Section 8.10. Insurance and Construction Bonds. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the DEP, so long as the Authority is the Owner of the Bonds. The Issuer will itself, or will require each contractor and subcontractor to, obtain and 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, to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority and DEP and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

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

Section 8.11. Consulting Engineers. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers. Such resident engineer

shall certify to the Authority, the DEP and the Issuer at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a Performance Certificate, the form of which is attached as Exhibit A to the Loan Agreement, and is incorporated herein by reference, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

Section 8.12. Compliance With Loan Agreement, Rules and Regulations. The Issuer hereby covenants and agrees to perform and satisfy all terms and conditions of the Loan Agreement and to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

Section 8.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or himself or herself 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. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. 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 8.14. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The Issuer further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off both the water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 8.15. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 8.16. Books, Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the Loan Agreement or Grant Receipts or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the West Virginia Public Service Commission and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Council shall direct.

The Issuer shall file with the Consulting Engineers and the Authority and DEP, and shall mail in each year to any owner or owners of Bonds requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Ordinance, and shall submit said report to the Authority and the DEP. The report of said audit shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the Loan Agreement and that the Issuer's revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

The Issuer shall, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, each month complete a Monthly Financial Report, the form of which is attached to the Loan Agreement as Exhibit B and is incorporated herein by reference, and forward a copy by the 10th of each month to the Authority and the DEP.

The Issuer shall, during construction of the Project, complete Payment Requisition Forms, the form of which is attached to the Loan Agreement as Exhibit C and is incorporated herein by reference, and forward a copy to the DEP in compliance with the Issuer's construction schedule.

The Board shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

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

Section 8.17. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within thirty days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by 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 Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 8.18. Mandatory Connection. The mandatory use of the sewerage facilities portion of the System is essential and necessary to protect and preserve the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and 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 sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matter 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 sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the sewerage facilities portion 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 sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 8.19. Compliance with Loan Agreement. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

Section 8.20. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BONDS. The Issuer shall use the Series 1996 A Bond proceeds solely for the refunding and as otherwise set forth herein. The Issuer shall use the Series 1996 B Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as local governmental activity of the Issuer.

B. PRIVATE ACTIVITY BOND COVENANT. The Issuer shall not permit at any time or times any of the proceeds of the Original Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Original Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Original Bonds.

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

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

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

F. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Original Bonds will be and remain excludible 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 8.21. Statutory Mortgage Lien. For the further protection of the Bondholders, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Original Bonds and shall be for the benefit of all Owners of the Original Bonds.

Section 8.22. Rebate Covenant. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System. As covenanted above, the Original Bonds are not private activity bonds within the meaning of the Code, and ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Original Bonds will be used for local governmental activities of the Issuer. The Issuer reasonably expects it and all its subordinate entities to issue less than $5,000,000 in aggregate face amount of tax-exempt bonds (other than private activity bonds) during the calendar year, being 1996, in which the first series of Original Bonds are to be issued. Therefore, the Issuer believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Issuer is in fact subject to such rebate requirements, the Issuer hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates as further described in Section 8.03. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of interest on the Original Bonds.

Section 8.23. 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 report, financial statements, related information and notice of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17CFR Part 240).

ARTICLE IX

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 9.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 9.01 and in Sections 9.02 and 9.03.

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. 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 of such liquidation. The Depository Bank or such other bank or national banking association 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.

Section 9.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Original 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 Original Bonds, so that the Original Bonds will not constitute "arbitrage bonds" under Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Original Bonds so that the interest on the Original 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 9.03. 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 Original Bonds. In addition, the Issuer covenants to comply with all regulations from time to time in effect and applicable to the Original Bonds as may be necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds used to fund the purchase of the

1995 Subordinate Bonds and 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 the Ordinance.

If it is determined that the Issuer does not quality for an exception to Section 148 of the Code or the Issuer is otherwise subject to rebate in connection with the Original Bonds, 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, with the Depository Bank in a separate fund designated 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, if any, 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 9.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 9.03 in accordance with the requirements of Section 148(f) of the Code. 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 Original 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 therefrom, 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 Original Bonds subject to rebate. 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, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as defined in the Code).

The Issuer shall furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority and shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as that term is defined in the Code) from time to time as the Authority may request.

Section 9.04. Restriction of Yield and Bond Proceeds. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to such Bonds set forth in this Ordinance, any supplemental resolution, or in such 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 any bank or banking association holding any fund or account hereunder or an owner of such Bonds; or

(C) 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 10.02. Remedies. Upon the happening and continuance of any Event of Default with respect to any Bonds, any Registered Owner of such Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such registered Owners including the right to require the Issuer to perform its duties under the Act and the Ordinance relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon such 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 such Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinance with respect to such Bonds, or the rights of such registered Owners.

Section 10.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Issuer under the Ordinance and the Act, including 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 default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in the Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Issuer of such default, any Bondholder 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 on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, 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 issued pursuant to the Ordinance and interest thereon and under any covenants of the Ordinance for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any owner of Bonds issued pursuant to this Ordinance 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, 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 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 Owners of Bonds issued pursuant to the Ordinance. 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 Bondholders, and the curing and making good of any default under the provisions of the Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

ARTICLE XI

DEFEASANCE

Section 11.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the pledge of Net Revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient to pay, as and when due, the principal of and interest on the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All 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 agents, 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 and interest due and to become due on said Bonds on and prior to 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 purposes other than, and shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, 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 of and redemption premium, if applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the owners of two-thirds (2/3) or more in principal amount of the Bonds then Outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the revenues of the System without the consent of the owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

Section 12.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 12.03. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with this Ordinance are to the extent of such conflict repealed.

Section 12.04. Covenant of Due Procedure. 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 final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of Council 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 12.05. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

Section 12.06. Statutory Notice and Public Hearing. Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit C attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in the St. Marys Oracle and The Pleasants Leader, newspapers of general circulation in the City of St. Marys, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Issuer upon a certain date, not less than ten days subsequent

to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Issuer for review by interested persons during office hours of the Issuer. The Council hereby determines that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

First Reading: September 17, 1996

Second Reading and Passage: October 1, 1996

Public Hearing: October 15, 1996

THE CITY OF ST. MARYS

(SEAL)

By: _____
Mayor

ATTEST:

_____
Recorder

This Ordinance was placed into effect following the public hearing held on October 15, 1996.

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of the Issuer of St. Marys, Pleasants County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the official record of the City of St. Marys, such records being in the custody of the undersigned and maintained at the City of St. Marys, Municipal Building, St. Marys, Pleasants County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended.

Dated this 15th day of October, 1996.

Recorder

[SEAL]

CHASFS3:47209

EXHIBIT A

Description of Project

The Project consists of the design of certain improvements to the Issuer's waste water treatment plant including a new grit chamber, mechanical bar screen, clarifier, belt filter press, UV disinfection, electric controls, laboratory equipment and all necessary applications thereto.

EXHIBIT B

Commitment Letter

The 1st FIRST NATIONAL BANK of St. Marys

CARL A. GUTHRIE
PRESIDENT

P. O. BOX 180 · ST. MARYS, WEST VIRGINIA 26170 · · (304) 684-2255

August 8, 1996

Louis F. Flake, Mayor
City of St. Marys
418 Second Street
St. Marys, WV 26170

RE: City of St. Marys Water & Sewer Bonds, Series 1982

Dear Mayor Flade:

Please be advised that The First National Bank will purchase the "Refunding Bonds" designed to replace the above referenced issue with an outstanding balance of approximately $57,600 for a term not to exceed the "Prior Bond" at a tax exempt interest rate of 5 1/2% per annum.

It is my understanding that this transaction will be consumated during the fourth quarter of 1996.

Thank you for the opportunity to provide this service to the City.

Sincerely,

Carl A. Guthrie

Carl A. Guthrie
President

CAG/sll

cc: Samme L. Gee, Esq.

EXHIBIT C

CITY OF ST. MARYS, WEST VIRGINIA

NOTICE OF PUBLIC HEARING and ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on October 1, 1996, the Council of the City of St. Marys, West Virginia (the "City") adopted an ordinance which:

1. Authorized the refunding of the Sewerage System Revenue Bonds, Series 1982 through the issuance of not more than $60,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A (the "Series 1996 A Bonds") to achieve an interest rate savings and authorized the design of certain extensions, additions, betterments and improvements (the "Project") to the existing wastewater treatment facility portion of the combined waterworks and sewerage system ("System") of the City and the financing of the permanent cost, not otherwise provided, thereof through the issuance of not more than $128,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B (the "Series 1996 B Bonds") (the Series 1996 A Bonds, together with the Series 1996 B Bonds are hereinafter collectively referred to as the "Bonds"). The refunding of the Series 1982 Bonds and design of the project was authorized to be financed with the Bonds proceeds.

2. Directed that the interest rate on the Series 1996 A Bonds shall be no more than five and one-half percent (5½%) per annum, that said Series 1996 A Bonds mature in not more than 20 years and that said Series 1996 A Bonds be sold for the par value thereof; and that such Series 1996 A Bonds be sold to the First National Bank of St. Marys.

3. Directed that the interest rate on the Series 1996 B Bonds shall be no more than three percentum (3%) per annum, that said Series 1996 B Bonds mature in not more than twenty years and that said Series 1996 B Bonds be sold for the par value thereof to the West Virginia Water Development Authority.

4. Directed the establishment of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the payments of principal and interest when due; provided for the creation of the reserve accounts and a renewal and replacement fund; and provided for the use of excess funds of the System.

5. Provided for the disbursement of the Series 1996 B Bond proceeds and created a Bond Construction Trust Fund.

6. Pledged to payment of the Bonds the Net Revenues of the System.

7. Provided upon certain conditions for the issuance of additional bonds.

8. Provided for insurance coverage on the Project; provided that the City will render no free service; provided for the enforcement of collection of fees, rates, rentals or other charges for service.

9. Established the terms for defaults and the remedies of the Bondholders.

10. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The City contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the City of St. Marys at a regular meeting thereof at 7:00 p.m., prevailing time, on October 15, 1996 at the City Building, 418 Second Street, St. Marys, West Virginia, and present objections and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of City on October 1, 1996, is on file in the Office of the City Recorder for review by interested persons during the regular office of such office, to-wit: 8:00 a.m. to 4:00 p.m. Mondays through Fridays.

/s/ Linda Wilson
Recorder - City of St. Marys, West Virginia

48923

SUPPLEMENTAL RESOLUTION

Introduced in Council

November 6, 1996

Introduced by

Louis F. Flade, Mayor

Adopted by Council

November 6, 1996

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE CITY OF ST. MARYS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE REFUNDING BONDS, SERIES 1996 A AND THE CITY OF ST. MARYS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 B, DESIGNATING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; APPROVING A LOAN AGREEMENT WITH RESPECT TO THE SERIES 1996 B BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Council") of The City of St. Marys, West Virginia (the "City") has duly and officially adopted a Bond Ordinance on October 1, 1996, (the "Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN $60,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE REFUNDING BONDS, SERIES 1996 A, OF THE CITY OF ST. MARYS TO BE USED TO REFUND THE CITY OF ST. MARYS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1982; AUTHORIZING THE ISSUANCE OF NOT MORE THAN $128,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 B, OF THE CITY OF ST. MARYS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE CITY OF ST. MARYS WHICH MAY BE LAWFULLY

EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH DESIGN OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WASTEWATER TREATMENT FACILITY PORTION OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. MARYS AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT OR LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATED THERETO.

WHEREAS, the Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A (the "Series 1996 A Bonds") and the Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B (the "Series 1996 B Bonds") (collectively, the "Bonds") of the City of St. Marys in aggregate principal amount not to exceed $60,000 and $128,000, respectively, all in accordance with Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and the Ordinance and the terms of the Loan Agreement entered into between the Issuer, the West Virginia Water Development Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment for the Series 1996 B Bonds (the "Loan Agreement"), but requires that the interest rates and sale price of the Bonds should be established by a supplemental resolution and that other matters relating to the Bonds be herein provided for; and

WHEREAS, the First National Bank of St. Marys ("First National Bank") proposes to purchase the Series 1996 A Bonds; and

WHEREAS, West Virginia Water Development Authority ("WDA") proposes to purchase the Series 1996 B Bonds; and

WHEREAS, the Council of the City deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the Ordinance be placed into

effect and that the price of and the interest rate on the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

WHEREAS, capitalized terms not otherwise defined shall have the meanings given such terms in the Ordinance.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. MARYS:

Section 1. It is hereby found and determined:

(A) That the Abstract and Notice was duly published in The St. Marys Oracle and The Pleasants County Leader, newspapers of general circulation in the City of St. Marys with the first publication thereof being on October 2, 1996 and October 5, 1996, respectively, which first publications were not less than ten (10) days before the day set by the Ordinance and Notice for the public hearing at which interested persons might appear before the Council of the City and present protests and suggestions and with the last publications thereof being on October 9, 1996 and October 12, 1996, respectively, which last publication dates were prior to said date set by the Ordinance and Notice for the public hearing, and a copy of the Affidavit of Publications reflecting such publications are attached hereto and incorporated herein;

(B) That in accordance with the Ordinance and the Notice, the Clerk of the City has maintained in her office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office;

(C) That, in Council chambers, City Building, St. Marys, West Virginia on Tuesday, October 15, 1996, at 7:00 p.m. prevailing time, in accordance with the Ordinance and Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) That, at the public hearing, no significant reasons were presented that could require modification or amendment of the Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the City; and

(E) The Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Ordinance, the Act, and this Supplemental Resolution, the Bonds shall be in the aggregate principal amount of $49,000 and $128,000, respectively, with the following provisions:

(A) The Series 1996 A Bond shall be originally issued in the form of a single bond, numbered AR-1 in the principal amount of $49,000. The Series 1996 A Bond shall be dated the date of delivery thereof, shall bear interest at the rate of five and one-half percent (5½%) from the date of delivery. Interest shall be payable in semiannual installments on the 1st day of January and the 1st day of July, in each year commencing January 1, 1997. Principal installments are payable as set forth on the "Annual Schedule of Debt Service" attached to the Bond. The Series 1996 A Bond shall be subject to redemption prior to maturity, upon payment of principal and interest, provided that notice in writing shall be given to the registered holder hereof.

The proceeds of the Series 1996 A Bond ($49,000), along with the sum of $7,751.07 from the Sinking Fund (including the Reserve Account therein) for the Series 1982 A Bonds (the "Prior Bonds"), shall be wired by the West Virginia Municipal Bond Commission (the "Commission") to the First National Bank of St. Marys, for the purpose of paying the principal and interest due or the Prior Bonds. From the balance remaining in the Sinking Fund for the Prior Bonds (including the Reserve Account therein) after the above-referenced transfer, the Commission is further authorized to transfer the sum of $9,698.94 to the Series 1996 A Reserve Account; transfer the sum of $351.85 to the Series 1996 A Revenue Account for interest due on the Series 1996 A Bonds from November 13, 1996 to December 31, 1996; and transfer the remaining sum of $628.84 to the Series 1996 A Revenue Fund.

(B) The Series 1996 B Bond shall be originally issued in the form of a single bond, numbered BR-1 in the principal amount of $128,000. The Series 1996 B Bond shall be dated the date of delivery thereof, shall bear interest at the rate of two percent (2%) from the date of delivery. Principal and interest is payable quarterly on September 1, December 1, March 1 and June 1 of each of the years, 1997 through 2017, inclusive and with the final payment on September 1, 2017 and in the amounts set forth on Schedule X attached to the Loan Agreement and incorporated therein by reference, commencing December 1, 1997. The Series 1996 B Bond shall be subject to redemption upon the written consent of the Authority, upon payment of principal, interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as the Authority or DEP shall be the registered owner of the Series 1996 B Bond.

(C) The Bonds shall be executed by Mayor of the City by his manual signature and attested by the City Recorder of the City by her manual signature and the seal of the City shall be impressed thereon. The seal impressed upon this Resolution is hereby

adopted as the official seal of the City. The Series 1996 A Bond shall be sold to First National Bank in accordance with the terms of the Commitment Letter at a price equal to 100% of the principal amount thereof. The Series 1996 B Bond shall be sold to the Authority in accordance with the terms of the Loan Agreement at a price equal to 100% of the principal amount thereof.

Section 3. All other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the form provided in the Ordinance with such changes, insertions and omissions as may be approved by the Mayor of the City. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval.

Section 4. The City does hereby ratify, approve and accept the Commitment Letter from the First National Bank regarding the purchase of the Series 1996 A Bonds, a copy of which is incorporated herein by reference.

Section 5. The City does hereby ratify, approve and accept the Loan Agreement including the "Schedule X" attached thereto regarding the Series 1996 B Bonds, a copy of which is incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement and the performance of the obligations contained therein, on behalf of the City have been and are hereby authorized, approved and directed.

Section 6. The City hereby appoints and designates The First National Bank of St. Marys, St. Marys, West Virginia, as the Depository Bank, as provided in the Ordinance.

Section 7. The City hereby appoints and designates The First National Bank of St. Marys, St. Marys, West Virginia, as Registrar for the Bonds.

Section 8. The City hereby appoints and designates the West Virginia Municipal Bond Commission (the "Commission"), Charleston, West Virginia as Paying Agent for the Bonds.

Section 9. The Mayor and the City Recorder are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Series 1996 A Bonds may be delivered to the First National Bank pursuant to the Commitment Letter and the Series 1996 B Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about November 13, 1996.

Section 10. The Series 1996 A Bonds Reserve Account shall be funded solely by the transfer from the sinking fund, including the reserve account therein, and all other funds and accounts created and maintained on behalf of the Series 1982 Bonds in an amount not to exceed $9,698.94, the Series 1996 A Bonds Reserve Requirement.

Section 11. Upon the payment and retirement of the Series 1982 Bonds, the all amounts on deposit in the Renewal and Replacement Fund shall be transferred to the Renewal and Replacement Fund created under the Ordinance for the Bonds.

Section 12. The Issuer has either (a) funded the Series 1996 B Bonds Reserve Account to the Series 1996 B Bonds Reserve Requirement or (b) created the Series 1996 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 1996 B Bonds Reserve Account holds an amount equal to the Series 1996 B Bonds Reserve Requirement. Moneys in the Series 1996 B Bonds Reserve Account and the Series 1996 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 1996 B Bonds and will be not available to pay costs of the Project.

Section 13. The Issuer hereby determines that it will be to the benefit of the Issuer and its residents to refund on a current basis the Series 1982 Bonds to take advantage of the favorable terms available to the Issuer.

Section 14. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the City and will promote the health, welfare and safety of the residents of the City.

Section 15. The City hereby directs the Depository Bank to initially invest all monies in the funds and accounts established under the Bond Resolution in Qualified Investments further directed by the City.

Section 16. The City does hereby find and determine that the amount of bonds, other than private activity bonds which it and all subordinate entities anticipate issuing during calendar year 1996, shall not exceed $10,000,000 and therefore the City hereby designates the Series 1996 A Bonds as "qualified-tax-exempt obligations" for purposes of Section 265(b) of the Code.

Section 17. The City shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of

the Bonds as a "private activity bond" within the meaning of the Code. The City will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 18. This Supplemental Resolution shall be effective immediately upon adoption.

Dated: November 6, 1996

THE CITY OF ST. MARYS

By: _____
Mayor

[SEAL]

_____
City Recorder

51255

CITY OF ST. MARYS

BOND ORDINANCE

Combined Waterworks and Sewerage System
Revenue Bonds, Series 1998 A

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BOND ORDINANCE

Introduced in Council

Tuesday, May 19, 1998

Introduced by
Mayor Pro-tem
Larry Burns

Passed by Council
June 2, 1998

An Ordinance authorizing the issuance of not more than $700,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, of the City of St. Marys to be used, along with other funds and moneys of, or available to, the City of St. Marys which may be lawfully expended for such purposes, to finance the cost of certain extensions, additions, betterments and improvements to the water distribution facility portion of the combined waterworks and sewerage system of the City of St. Marys and to pay other costs in connection therewith; providing for the rights and remedies of and security for the owners of such bonds; authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming a loan agreement or loan agreements relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions related thereto.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ST. MARYS, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 20, and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise.

A. "Act" shall mean collectively Chapter 8, Article 20, and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "Authority" shall mean the West Virginia Water Development Authority, which is expected to be the original purchaser of the Series 1998 A Bonds, or any other agency of the State of West Virginia that succeeds to the function of the Authority.

C. "Authorized Officer" means the Mayor of the Issuer or any other person duly appointed as such by the Council.

D. "Board" shall mean the Water and Sewer Board of the Issuer, as created and appointed by ordinance enacted by the Council of the Issuer pursuant to the provisions of Section 18 of the Act, and any successor thereto.

E. "Bond Construction Trust Fund" shall mean the fund created by Section 6.01 hereof.

F. "Bondholder" or "Owner of the Bonds" or "Registered Owners" or any similar term shall mean any person who shall be the registered owner of any Outstanding Bonds as hereinafter defined.

G. "Bond Register" means the books of the Issuer as hereinafter defined, maintained by the Bond Registrar as hereinafter defined for the registration and transfer of the Bonds.

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

I. "Bonds" or "Series 1998 A Bonds" shall mean the City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, originally authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

J. "Bond Year" shall mean 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.

K. "Certificate of Authentication and Registration" means the certificate of authentication and registration on the Bonds in substantially the form set forth in the Bond Form contained herein.

L. "Closing Date" shall mean the date upon which there is an exchange of the Bonds for the proceeds or a portion of the proceeds representing the purchase of the Bonds.

M. "Code" shall mean the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

N. "Commission" shall mean the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Commission.

O. "Consulting Engineers" shall mean S & S Engineers, Inc., Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

P. "Cost of Project" or "Costs" shall mean those costs described in Section 1.04(E) hereof to be a part of the cost of the acquisition and construction phase of the Project, as the case may be, as hereinafter defined.

Q. "Council" shall mean the Council of the Issuer.

R. "Debt Service" shall mean the scheduled amount of interest and amortization of principal payable on the Series 1998 A Bonds, as hereinafter defined, 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.

S. "Depository Bank" shall mean a bank eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined and any successor thereto and designated as such in the Supplemental Resolution, as hereinafter defined.

T. "Excess Investment Earnings" shall mean an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment earnings] had been equal to the Yield on the Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

U. "FDIC" shall mean the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

V. "Fiscal Year" shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

W. "Government Obligations" shall mean direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

X. "Grant" shall mean any grant or grants received by the Issuer in aid of the cost of the acquisition and construction of the Project, and specifically includes a grant from the County Commission of Pleasants County, West Virginia, in the amount of $200,000.

Y. "Grant Agreement" shall mean a written commitment for the payment of any Grant, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is repaid by the Issuer.

Z. "Grant Receipts" shall mean all monies received by the Issuer on account of any Grant.

AA. "Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1998 A Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1998 A Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1998 A Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior obligations and which are deemed to become proceeds of the Series 1998 A Bonds ratably as original proceeds of the Series 1998 A Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds [as referenced in clauses (i) through (iii) above] of the Series 1998 A Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Series 1998 A Bonds Reserve Account and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Series 1998 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1998 A Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

BB. "Gross Revenues" shall mean 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) or any Tap Fees, as hereinafter defined, and for the furnishing by the Issuer of miscellaneous service.

CC. "Independent Accountants" shall mean any firm of certified public accountants which shall be retained by the Issuer as independent accountants for the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

DD. "Investment Property" shall mean any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property or residential rental property for family units which is not located within the jurisdiction of the city 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.

EE. "Issuer" shall mean the City of St. Marys, a municipal corporation of the State of West Virginia, and, when appropriate, also means the Council thereof and any department, board, organizing or instituting thereof in control of the management and operation of the System, as hereinafter defined.

FF. "Loan Agreement" shall mean the Agreement by and between the Authority and the Issuer, pursuant to which the Authority shall agree, subject to the Issuer's satisfying certain engineering, legal and other requirements, to purchase the Series 1998 A Bonds.

GG. "Mayor" shall mean the Mayor of the Issuer.

HH. "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 Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

II. "Net Revenues" shall mean the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereafter defined.

JJ. "Nonpurpose Investment" shall mean any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

KK. "Operating Expenses" shall mean 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 Registrar and Paying Agent (both as hereinafter 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.

LL. "Ordinance" or "this Ordinance" shall mean this ordinance as hereafter amended or supplemented.

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

NN. "Parity Bonds" shall mean additional Bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Net Revenues on a parity with the Series 1998 A Bonds.

OO. "Paying Agent" shall mean the West Virginia Municipal Bond Commission or such other entity or authority as may be designated as a paying agent by the Issuer.

PP. "Prior Bonds" shall mean the not more than $60,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A of the Issuer and the not more than $128,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B of the Issuer.

QQ. "Prior Ordinance" shall mean the Ordinance enacted October 1, 1996, with respect to the Prior Bonds.

RR. "Private Business Use" shall mean 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.

SS. "Program" means the Authority's loan program, under which the Authority purchases the revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of sewer development revenue bonds issued by the Authority or any successor to said program as currently constituted.

TT: "Project" shall mean the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the System, a description of which is set forth in Exhibit A hereto.

UU. "PSC" means the Public Service Commission of West Virginia and any successors to the functions thereof.

VV. "PSC Order" means the recommended decision of the PSC regarding the acquisition and construction of the Project which grants the Issuer a certificate of convenience and necessity and approval of financing.

WW. "Purchase Price," for the purpose of computation of the Yield of the Series 1998 A Bonds, has the same meaning as the term "Issue Price" in Sections 1273(b) and 1274 of the Code and, in general, means the initial offering price of the Series 1998 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 1998 A Bonds of each maturity is sold or, if the Series 1998 A Bonds are privately placed, the price paid by the first buyer of the Series 1998 A Bonds or the acquisition costs of the first buyer. Purchase Price for purposes of computing Yield of Nonpurpose Investments means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1998 A Bonds for acquisition thereof or, if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1998 A Bonds.

XX. "Qualified Investments" shall mean and include 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; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligation 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 Federal Deposit Insurance Corporation ("FDIC"), shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must

be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner 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 "consolidated fund" (or any distinct portion thereof) managed by the West Virginia Investment Management Board pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

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

YY. "Recorder" shall mean the Recorder of the Issuer.

ZZ. "Regulations" shall mean the regulations promulgated under the Code.

AAA. "Renewal and Replacement Fund" shall mean the fund created or continued by Section 5.01(2) hereof.

BBB. "Revenue Fund" shall mean the fund created or continued by Section 5.01(1) hereof.

CCC. "Series 1998 A Bonds Reserve Account" shall mean the Series 1998 A Bonds Reserve Account established in the Series 1998 A Bonds Sinking Fund pursuant to Section 5.02(1) hereof.

DDD. "Series 1998 A Bonds Reserve Requirement" shall mean, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1998 A Bonds in the then current or any succeeding year.

EEE. "Series 1998 A Bonds Sinking Fund" or "Sinking Fund" shall mean the fund created by Section 5.02(1) hereof.

FFF. "State" shall mean the State of West Virginia.

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

HHH. "Surplus Revenues" shall mean the net revenues not required by this Ordinance or the Prior Ordinance to be set aside and held for the payment of or security for the Bonds or the Prior Bonds, including the reserve accounts and the renewal and replacement funds established in this Ordinance and in the Prior Ordinance.

III. "System" shall mean the complete existing combined waterworks and sewerage system now owned by the Issuer, consisting of a waterworks system in its entirety or any integral part thereof, and a sewerage treatment and collection system, and shall include any extensions, additions, betterments and improvements thereto, including the wastewater treatment facility, hereafter acquired or constructed for said waterworks and sewerage system from any sources whatsoever, both within and without said Issuer.

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

KKK. "Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with general accepted accounting principles.

The terms "herein", "hereunder", "hereby", "hereto", "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of the enactment of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

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

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The City of St. Marys, West Virginia, a municipal corporation and political subdivision of the State in Pleasants County of said State, now owns a combined waterworks and sewerage system consisting of a waterworks system in its entirety or any integral part thereof, including some or all of mains, hydrants, meters, values, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and a sewage treatment plant or plants and some or all of collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes (herein referred to as the "System").

B. In accordance with Section 18 of the Act, the System is under the supervision and control of the Water and Sewer Board of the Issuer (the "Board").

C. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Issuer that there be acquired and constructed the Project, consisting of waterworks plant upgrades, all of which will constitute extensions, additions, betterments and improvements to the System at an estimated cost not to exceed $770,865.03, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications are on file with the Issuer, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and will have an estimated useful life in excess of twenty-one (21) years.

D. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of said System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds, the Prior Bonds and all sinking fund, reserve, renewal and replacement and other payments provided for in this Ordinance and the Prior Ordinance.

E. It is deemed necessary for the Issuer to issue its Series 1998 A Bonds in the aggregate principal amount of not more than $700,000 to finance, along with a grant of $200,000 from the Pleasants County Commission and the Issuer's contribution of $25,865.03, the costs of the Project herein described. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; engineering, fiscal and legal expenses; expenses for estimates of cost and revenue; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, any fees or expenses of the Authority and any defaulted interest thereon, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of the indebtedness incurred by the Issuer for such purposes shall be deemed part of the Cost of the Project.

F. It is in the best interests of the Issuer that its Series 1998 A Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement by and between the Authority and the Issuer.

G. The Issuer has complied with all requirements of West Virginia law relating to the acquisition and construction of the Project and the issuance of the Bonds for the Project. The Issuer has received the approval of the West Virginia Infrastructure and Jobs Development Council and a final nonappealable order from the PSC.

H. The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements. It is in the best interest of the Issuer and its inhabitants to qualify for the small governmental unit exception from the rebate provisions for the Bonds issued for the Project. Accordingly, it is hereby found and determined:

(1) The Issuer is a governmental unit with general taxing powers.

(2) The Bonds are not private activity bonds as defined by the Code.

(3) Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Bonds will be used for local governmental activities of the Issuer.

(4) The Issuer reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the Issuer and all subordinate entities thereof during the calendar year in

which the Bonds will be issued will not aggregately exceed $5,000,000. The Issuer reasonably expects to issue the Bonds in calendar year 1998.

I. The Issuer will not permit, at any time, any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

J. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

K. The Bonds will not be federally guaranteed within the meaning of the Code.

L. It is reasonably anticipated that all proceeds of the Bonds will be spent within three years from the date of issuance.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of the Project. There is hereby authorized the acquisition and construction of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers, and filed in the office of the Recorder. The proceeds of the Series 1998 A Bonds hereby authorized shall be applied as provided in Article VI hereof.

The Issuer has received acceptable bids for the acquisition and construction of the Project.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization and Terms of Bonds. For the purposes of financing a portion of the costs of the acquisition and construction of the Project not otherwise provided and for paying costs of issuance, there shall be issued the Bonds of the Issuer. The Bonds shall be issued in one series to be designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A" in an aggregate principal amount of not more than $700,000. The Bonds shall be dated as of the date of delivery thereof, shall bear such interest, not exceeding six and one-eighth percent (6.125%) per annum, shall mature at such times, not exceeding twenty-one (21) years after the date of issuance, and in such amount or amounts as shall be set out in Schedule X to the Loan Agreement for the Series 1998 A Bonds. The Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and the Loan Agreement and as the Council of the Issuer shall prescribe by resolution (or by supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Bonds. The proceeds of the Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 6.01 hereof.

The Bonds shall be payable as to principal at the principal 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 mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner of the Series 1998 A Bonds, interest on the Series 1998 A Bonds may be paid by wire transfer or other methods satisfactory to the Issuer, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Series 1998 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a payment record attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Loan Agreement and said Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, 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 may be issued in fully registered form and in the denominations as determined by a Supplemental Resolution. Said Bonds shall be dated as of the date specified in said Supplemental Resolution and shall bear interest from such date.

Section 3.02. Execution of Bonds. Said Bonds shall be executed in the name of the Issuer by the Mayor and attested by the Recorder, and the seal of the Issuer shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08, shall have been duly manually executed by the 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 Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the 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 3.04. 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 owner, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain Outstanding, the Issuer, through the Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Registrar. For every such exchange or transfer of Bonds, the 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 Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Registrar shall not be obliged to make any such exchange or transfer of Bonds during the 15 days 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.

Section 3.05. 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 deliver a new Bond 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 Owner's furnishing the Issuer proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur and the Registrar shall authenticate the new Bond. All Bonds so surrendered shall be cancelled by the Registrar and held for the account of the Issuer. If 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 therefor.

Any such duplicate Bonds issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Owner or Owners 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 any interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on parity with the lien of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Prior Bonds and to make the payments into the sinking funds and the reserve accounts therein and in the Renewal and Replacement Fund

hereinafter established are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bonds. The text of each series of Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

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[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF PLEASANTS
CITY OF ST. MARYS
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

No. R-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ST. MARYS, a municipal corporation of the State of West Virginia, in Pleasants 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 West Virginia Water Development Authority (the "Authority "), or registered assigns, the sum of _____ ($_____), in annual installments on the 1st day of October in each year commencing _____, 199_, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest 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, 199_.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, 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 Authority at the address as it appears on the books of _____ (the "Registrar") on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is 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 as otherwise provided by the Loan Agreement dated _____, 1998, between the Authority and the Issuer.

This Bond is issued (i) to pay costs of the acquisition and construction of improvements, additions, extensions and betterments to the waterworks portion of the existing combined waterworks and sewerage system of the Issuer (the "Project"), and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the

authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20, and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Issuer on the __ day of _____, 1998, and a Supplemental Resolution adopted by the Issuer on the _ day of _____, 1998 (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE REFUNDING BONDS, SERIES 1996 A AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 B (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues to be derived from the operation of the System on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and moneys in the Reserve Accounts created under the Ordinance and unexpended proceeds of the Bonds (the "Bond Proceeds"). 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 Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby; which shall be sufficient 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 ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds including the Prior Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith including the Prior Bonds in any succeeding fiscal year, respectively, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar, kept for that purpose at the office 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 provided all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Ordinance 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 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 Ordinance, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF ST. MARYS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1998.

THE CITY OF ST. MARYS

[SEAL]

By: _____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

_____,
as Registrar

By: _____
Its Authorized Officer

Dated: _____

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.09. Sale of Bonds; Ratification and Execution of Loan Agreement with Authority. The Series 1998 A Bonds shall be sold to the Authority, pursuant to the respective 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 and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority. The Loan Agreement is specifically incorporated into this Ordinance.

Section 3.10. Certificate of Consulting Engineers. Prior to the issuance of the Series 1998 A Bonds, the Issuer must obtain the certificate of the Consulting Engineers in the form attached to the Loan Agreement to the effect that the Project will be constructed in accordance with the approved plans and specifications as submitted to the Authority, the Project will be 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 the acquisition and construction of the Project.

Section 3.11. Amended Schedule A Filing. Within 60 days following the Completion Date the Issuer will file with the Authority its schedule in substantially the form of "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds used therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued if established in the Prior Ordinance) with and shall be held by the Depository Bank:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1998 A Bonds Sinking Fund;

(a) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner therein and herein provided.

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

(2) The Issuer shall next, on the first day of each month (i) commencing 6 months prior to the first date of payment of interest on the Prior Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Prior Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Sinking Fund and the next semiannual interest payment date is less than 6 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 7 months prior to the first date of payment of interest on the Series 1998 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Sinking Fund, a sum

equal to 1/6th of the amount of interest which will mature and become due on said Series 1998 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the 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. When additional series of Bonds are issued, the payment of interest on said Bonds shall be made simultaneously with the payments described in this Section 5.03(2) and to the extent that Net Revenues are insufficient to make all of the payments such payments shall be made pro rata among each series of Bonds.

(3) The Issuer shall next, on the first day of each month and simultaneously with the payments required by Sections 6.03(2) and (3) of the Prior Ordinance, and without distinction or priority between the payments, commencing 13 months prior to the first date of payment of principal on the Series 1998 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1998 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1998 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date. When additional series of Bonds are issued, the payment of interest and principal on said bonds shall be made simultaneously with the payments described in this Section 5.03(3) and to the extent that Net Revenues are insufficient to make all of the payments such payments shall be made pro rata among each series of Bonds.

(4) The Issuer shall next transfer from the Revenue Fund and pay to the Commission on the first day of each month and simultaneously with the transfers required by Sections 6.03(4) and (5) of the Prior Ordinance, commencing 12 months prior to the first date of payment of principal of the Series 1998 A Bonds, if not fully funded upon issuance of the Bonds, for deposit in the Series 1998 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1998 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1998 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1998 A Bonds Reserve Requirement.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Accounts. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Reserve Accounts [except

to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. Except for the funds required to be deposited in the Rebate Fund, all investment earnings on the moneys in the Series 1998 A Bonds Reserve Account shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Project and thereafter, to the Series 1998 A Bonds Sinking Fund.

Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to an amount below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Sinking Funds for payment of debt service on the Bonds and the Prior Bonds have been made in full.

B. 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 any interest on such additional Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Account in an amount equal to the Reserve Requirement.

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 Ordinance.

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

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

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove 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 Accounts therein, and the Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the System.

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

The Issuer shall complete the "monthly payment form," which form is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its payment check to the Authority by the fifth day of each calendar month for the Series 1998 A Bonds.

E. The moneys in excess of 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.

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

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

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

Section 5.04. Excess Bond Proceeds. After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1998 A 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 due on the Series 1998 A Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VI

APPLICATION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Series 1998 A Bond Proceeds. From the moneys received from the sale of the Series 1998 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. The amount of the proceeds which together with the earnings thereon shall be at least sufficient to pay interest on the Series 1998 A Bonds for the period specified in the Supplemental Resolution shall be deposited in the Series 1998 A Bonds Sinking Fund, if any; provided, that such period may not extend beyond the date which is six months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1998 A Bonds, there shall be deposited with the Commission in the Series 1998 A Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 1998 A Bonds Reserve Account.

C. The remaining moneys derived from the sale of the Series 1998 A Bonds shall be deposited by the Issuer in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. There is hereby created and established with the Depository Bank a special fund, designated the "Bond Construction Trust Fund". The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in this Ordinance. Except with respect to any transfers to the Rebate Fund, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.02 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Bonds originally authorized hereby, 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 disbursements theretofore made;

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions set forth in this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any owner or owners of the Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the owners of the Bonds as hereinafter provided in this Article VIII. 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 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Ordinance. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on parity with the lien of the Prior Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for in this Ordinance and in the Prior Ordinance are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds and the Prior Bonds and for the other purposes provided in the Ordinance and the Prior Ordinance.

Section 7.04 Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the rate ordinance of the Issuer enacted March 4, 1997.

Section 7.05. Rates. Prior to issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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. The Issuer shall take the necessary actions with

respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchaser thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and the Prior Bonds; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirement is on deposit in the Reserve Accounts and the reserve accounts for the Bonds and the Prior Bonds are funded at least at the requirement provided for in the Ordinance such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and the Prior Bonds.

Section 7.06. Completion, Operation and Maintenance; Schedule of Cost. The Issuer will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in the Ordinance.

Upon completion of the Project, the Issuer shall file with the Authority a schedule in substantially the form of Amended Schedule A to the Program loan application, setting forth the actual costs of the Project and sources of funds therefor.

Section 7.07. Sale of the System. The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds and the Prior Bonds then Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit pro rata in the Series 1998 A Bonds Sinking Fund and in the sinking funds established under the Prior Ordinance for any Prior Bonds then outstanding, and the Issuer shall direct the Commission to apply such proceeds pro rata to the payment of principal and any interest at maturity of Bonds and Prior Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and Prior 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. The Council may then, if it be so

advised, as evidenced by certificates of the Consulting Engineers, by resolution duly adopted, approve and concur in such finding and provide for the sale of such property if the amount to be received therefor is not in excess of ten thousand dollars ($10,000), or authorize such sale, lease or other disposition of such property upon public bidding if the amount to be received therefor is in excess of ten thousand dollars ($10,000) but not in excess of fifty thousand dollars ($50,000). The proceeds of any such sale, lease or other disposition of such property, not in excess of $10,000, shall be deposited in the Renewal and Replacement Fund. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit pro rata in the Series 1998 A Bonds Sinking Fund and in the sinking funds established under the Prior Ordinance for any Prior Bonds then outstanding and shall be applied only to the redemption of Bonds or Prior Bonds of the last maturities then Outstanding or to the purchase of Bonds or Prior Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds or Prior Bonds. Such payments of such proceeds into the various funds identified in this Section 7.07 shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance or the Prior Ordinance.

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 shall be in excess of fifty thousand dollars ($50,000) and insufficient to pay or redeem prior to maturity all the Bonds and Prior Bonds then Outstanding without the prior approval and consent in writing of the owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Bonds and Prior Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then owners of the Bonds and Prior Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.08. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 7.09 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 7.09 hereafter. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Sinking Fund, 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, except with respect to said pari passu additional Bonds, 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 Ordinance or upon the System or any part thereof.

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

Section 7.09. Parity Bonds. A. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions, in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1998 A Bonds.

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

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by Independent 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, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual net revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

(1) The Bonds and Prior Bonds then Outstanding;

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

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

The "estimated average increased annual net revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased net revenues estimated to be derived from any increase in rates enacted by the Issuer, the time for appeal of which shall have 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 additional Parity Bonds.

The Net Revenues actually derived from the System during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such net revenues such additional net revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Accountants as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have 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 acquisition or construction of such extensions, additions, betterments or improvements to the System which are to be financed by such Parity Bonds.

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

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

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

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

in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Section 7.10. Insurance and Construction Bonds. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will 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, so long as the Authority is the Owner of the Bonds. The Issuer will itself, or will require each contractor and subcontractor to, obtain and 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, to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

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

Section 7.11. Consulting Engineers. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications prepared by the Consulting Engineers. Such resident engineer shall certify to the Authority and the Issuer at the completion of construction that construction is in accordance with the approved plans and specifications, or amendments thereto, approved by all necessary governmental bodies. The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans to it within 60 days of the completion of the Project.

Section 7.12. Compliance With Loan Agreement, Rules and Regulations. The Issuer hereby covenants and agrees to perform and satisfy all terms and conditions of the

Loan Agreement and to comply with all applicable laws, rules and regulations issued by the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or himself or herself 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. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The Issuer further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off both the water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 7.15. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.16. Books, Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring,

constructing and installing the Project. The Issuer shall permit the Authority, or its agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the Loan Agreement or Grant Receipts or other sources of financing for the Project.

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the West Virginia Public Service Commission and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Council shall direct.

The Issuer shall file with the Consulting Engineers and the Authority, and shall mail in each year to any owner or owners of Bonds requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Ordinance, and shall submit said report to the Authority. The report of said audit shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the Loan Agreement and that the Issuer's revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

The Issuer shall, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, each month complete a Monthly Financial Report, the form of which is attached to the Loan Agreement as Exhibit B and is incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

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

Section 7.17. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within thirty days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by 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 Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.18. Compliance with Loan Agreement. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BONDS. The Issuer shall use the Series 1998 A Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as local governmental activity of the Issuer.

B. PRIVATE ACTIVITY BOND COVENANT. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

C. 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.

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

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

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

Section 7.20. Statutory Mortgage Lien. For the further protection of the Bondholders, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Owners of the Bonds on parity with the lien of the Prior Bonds.

Section 7.21. Rebate Covenant. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System. As covenanted above, the Bonds are not private activity bonds within the meaning of the Code, and ninety-five percent (95%) or more of the net proceeds (as defined with

respect to the Code) of the Bonds will be used for local governmental activities of the Issuer. The Issuer reasonably expects it and all its subordinate entities to issue less than $5,000,000 in aggregate face amount of tax-exempt bonds (other than private activity bonds) during the calendar year, being 1998, in which the first series of Bonds are to be issued. Therefore, the Issuer believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Issuer is in fact subject to such rebate requirements, the Issuer hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates as further described in Section 8.03. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of interest on the Bonds.

Section 7.22. 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 report, financial statements, related information and notice of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17CFR Part 240).

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 8.01 and in Sections 8.02 and 8.03.

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. 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 of such liquidation. The Depository Bank or such other bank or national banking association 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.

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. 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 maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds used to fund the purchase of the 1995 Subordinate Bonds and 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 the Ordinance.

If it is determined that the Issuer does not quality for an exception to Section 148 of the Code or the Issuer is otherwise subject to rebate in connection with the Bonds, 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, with the Depository Bank in a separate fund designated 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, if any, 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 9.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 9.03 in accordance with the requirements of Section 148(f) of the Code. 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 therefrom, 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 also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as defined in the Code).

The Issuer shall furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority and shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as that term is defined in the Code) from time to time as the Authority may request.

Section 8.04. Restriction of Yield and Bond Proceeds. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to such Bonds set forth in this Ordinance, any supplemental resolution, or in such 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 any bank or banking association holding any fund or account hereunder or an owner of such Bonds; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default with respect to any Bonds, any Registered Owner of such Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such registered Owners including the right to require the Issuer to perform its duties under the Act and the Ordinance relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon such 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 such Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinance with respect to such Bonds, or the rights of such registered Owners.

Section 9.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Issuer under the Ordinance and the Act, including 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 default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in the Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Issuer of such default, any Bondholder 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 on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, 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 issued pursuant to the Ordinance and interest thereon and under any covenants of the Ordinance for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any owner of Bonds issued pursuant to this Ordinance 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, 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 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 Owners of Bonds issued pursuant to the Ordinance. 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 Bondholders, and the curing and making good of any default under the provisions of the Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the pledge of Net Revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient to pay, as and when due, the principal of and interest on the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All 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 agents, 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 and interest due and to become due on said Bonds on and prior to 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 purposes other than, and shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, 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 of and redemption premium, if applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the owners of two-thirds (2/3) or more in principal amount of the Bonds then Outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the revenues of the System without the consent of the owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

Section 11.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 11.03. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with this Ordinance are to the extent of such conflict repealed, provided nothing herein repeals the Prior Ordinance.

Section 11.04. Covenant of Due Procedure. 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 final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 11.05. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

Section 11.06. Statutory Notice and Public Hearing. Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in the St. Marys Oracle and The Pleasants Leader, newspapers of general circulation in the City of St. Marys, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Issuer upon a certain date, not less than ten days subsequent

to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Issuer for review by interested persons during office hours of the Issuer. The Council hereby determines that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

First Reading: May 19, 1998

Second Reading and Passage: June 2, 1998

Public Hearing: June 16, 1998

THE CITY OF ST. MARYS

(SEAL)

By: Louis T Hake
Mayor

ATTEST:

Linda K Nelson
Recorder

This Ordinance was placed into effect following the public hearing held on June 16, 1998.

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of the Issuer of St. Marys, Pleasants County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the official record of the City of St. Marys, such records being in the custody of the undersigned and maintained at the City of St. Marys, Municipal Building, St. Marys, Pleasants County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended.

Dated this 16th day of June, 1998.

Linda G. Wilson
Recorder

[SEAL]

CHASFS3:120410

EXHIBIT A

Description of Project

The Project consists of the connection of two water wells in Harmony Acres to a new 8-inch raw water transmission line, the construction of a new 500 GPM water treatment plant consisting of three aeration units, chemical feed equipment for chlorine gas, flouride, corrosion inhibitor and soda ash, a 32,044 gallon baffled clearwell, two high service pumps and all necessary valves, controls and appurtenances. The facilities will serve approximately 1,152 customers in the City of St. Marys and one resale customer, Rt. 16 Water Association.

EXHIBIT B

CITY OF ST. MARYS, WEST VIRGINIA

NOTICE OF PUBLIC HEARING and ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on _____, 1998, the Council of the City of St. Marys, West Virginia (the "City") adopted an ordinance which:

1. Authorized the acquisition and construction certain adddtions, extensions, betterments and improvements (the "Project") to the existing combined waterworks and sewerage system of the City (the "System") and the financing of the permanent cost, not otherwise provided, thereof through the issuance of not more than $700,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (the "Bonds"). The Project, estimated at $770,865.03, was authorized to be financed with the Bond proceeds as well as a grant to the City from the Pleasants County Commission and a contribution by the City.

2. Directed that the Bonds be issued in one series and in the form of one bond, fully registered with a payment record attached; that said Bonds mature in not more than twenty-one years and bear interest at a rate not to exceed six and one-eighth percent (6.125%); that the Bonds be executed in the name of the City by the Mayor, and the seal of the City be affixed thereto and attested to by the Recorder; that such Bonds be duly authenticated by the Registrar and delivered to the West Virginia Water Development Authority as the Original Purchaser thereof.

3. Directed the continuation of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly payment of principal and interest when due; provided for the creation of a reserve account for the Bonds and a Renewal and Replacement Fund; and provided for the use of excess funds of the System.

4. Provided for the disbursement of Bond proceeds and created a Construction Trust Fund.

5. Pledged to payment of the Bonds the Net Revenues of the System on a parity with the City's outstanding Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A, and the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B.

6. Provided upon certain conditions for the issuance of additional bonds.

7. Provided for insurance coverage on the Project; provided that the City will render no free service; provided for the enforcement of collection of fees, rates, rentals or other charges for service.

8. Established the terms for defaults and the remedies of the Bondholders.

9. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The City contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the City of St. Marys at a regular meeting thereof at 7:00 p.m., prevailing time, on _____, 1998, at the City Building, 418 Second Street, St. Marys, West Virginia, and present objections and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of the City on _____, 1998, is on file in the office of the City Recorder for review by interested persons during the regular hours of such office, to-wit: 8:00 a.m. to 4:00 p.m., Monday through Friday.

/s/_____
Recorder -- City of St. Marys,
West Virginia

SUPPLEMENTAL RESOLUTION

Introduced in Council

June 16, 1998

Introduced by

Mayor Flade

Adopted by Council

June 16, 1998

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE CITY OF ST. MARYS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A; DESIGNATING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; APPROVING A LOAN AGREEMENT WITH RESPECT TO THE SERIES 1998 A BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Council") of The City of St. Marys, West Virginia (the "City") has duly and officially adopted a Bond Ordinance on June 2, 1998, (the "Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN $700,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A, OF THE CITY OF ST. MARYS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE CITY OF ST. MARYS WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER DISTRIBUTION FACILITY PORTION OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. MARYS AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION

AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT OR LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATED THERETO.

WHEREAS, the Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (the "Bonds") of The City of St. Marys in aggregate principal amount not to exceed $700,000, all in accordance with Chapter 8, Article 20, and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), and the Ordinance and the terms of the Loan Agreement to be entered into between the Issuer and the West Virginia Water Development Authority (the "Authority") for the Bonds (the "Loan Agreement"), but requires that the interest rates and sale price of the Bonds should be established by a supplemental resolution and that other matters relating to the Bonds be herein provided for; and

WHEREAS, the Authority proposes to purchase the Bonds; and

WHEREAS, the Council of the City deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the Ordinance be placed into effect and that the price of and the interest rate on the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

WHEREAS, capitalized terms not otherwise defined shall have the meanings given such terms in the Ordinance.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ST. MARYS:

Section 1. It is hereby found and determined:

(A) That the Abstract and Notice was duly published in The St. Marys Oracle and The Pleasants County Leader, newspapers of general circulation in the City of St. Marys with the first publications thereof being on June 3, 1998 and June 6, 1998, respectively, which first publications were not less than ten (10) days before the day set by the Ordinance and Notice for the public hearing at which interested persons might appear before the Council of the City and present protests and suggestions and with the last publications thereof being on June 10, 1998 and June 13, 1998, respectively, which last publication dates were prior to said date set by the Ordinance and Notice for the public

hearing, and a copy of the Affidavits of Publications reflecting such publications are attached hereto and incorporated herein;

(B) That in accordance with the Ordinance and the Notice, the Recorder of the City has maintained in her office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office;

(C) That, in Council Chambers, City Building, St. Marys, West Virginia on Tuesday, June 16, 1998, at 7:00 p.m. prevailing time, in accordance with the Ordinance and Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) That, at the public hearing, no significant reasons were presented that could require modification or amendment of the Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the City; and

(E) The Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Ordinance, the Act, and this Supplemental Resolution, the Bonds shall be originally issued in the form of a single bond, numbered R-1, in the principal amount of $554,000. The Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of five and seventy-five hundredths percent (5.75%) from the date of delivery. Interest shall be payable in annual installments on the 1st day of October in each year commencing October 1, 1998. Principal installments are payable as set forth on the "Annual Schedule of Debt Service" attached to the Bonds commencing October 1, 1999, to and including October 1, 2018. The Bonds shall be subject to redemption prior to maturity, upon payment of principal, interest and premium, if any, but only with the prior written consent of the Authority.

The Bonds shall be executed by Mayor of the City by his manual signature and attested by the Recorder of the City by her manual signature and the seal of the City shall be impressed thereon. The seal impressed upon this Resolution is hereby adopted as the official seal of the City. The Bonds shall be sold to the Authority in accordance with the terms of the Loan Agreement at a price equal to 100% of the principal amount thereof.

Section 3. All other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the form provided in the Ordinance

with such changes, insertions and omissions as may be approved by the Mayor of the City. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval.

Section 4. The City does hereby ratify, approve and accept the Loan Agreement including the "Schedule X" attached thereto regarding the Bonds, a copy of which is incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement and the performance of the obligations contained therein, on behalf of the City have been and are hereby authorized, approved and directed.

Section 5. The City hereby appoints and designates The First National Bank of St. Marys, St. Marys, West Virginia, as the Depository Bank, as provided in the Ordinance.

Section 6. The City hereby appoints and designates The First National Bank of St. Marys, St. Marys, West Virginia, as Registrar for the Bonds.

Section 7. The City hereby appoints and designates the West Virginia Municipal Bond Commission (the "Commission"), Charleston, West Virginia, as Paying Agent for the Bonds.

Section 8. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about June 18, 1998.

Section 9. The Issuer has either (a) funded the Series 1998 A Bonds Reserve Account to the Series 1998 A Bonds Reserve Requirement or (b) created the Series 1998 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 1998 A Bonds Reserve Account holds an amount equal to the Series 1998 A Bonds Reserve Requirement. Moneys in the Series 1998 A Bonds Reserve Account and the Series 1998 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will be not available to pay costs of the Project.

Section 10. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the City and will promote the health, welfare and safety of the residents of the City.

Section 11. The City hereby directs the Depository Bank to initially invest all monies in the funds and accounts established under the Bond Resolution in Qualified Investments further directed by the City.

Section 12. The City reasonably expects that the amount of all bonds, other than private activity bonds which it and all subordinate entities anticipate issuing during calendar year 1998, is less than $5,000,000, and therefore the City believes that it is excepted from the rebate requirements of Section 148(f) of the Code.

Section 13. The City shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as a "private activity bond" within the meaning of the Code. The City will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 14. Section 7.04 of the Ordinance is hereby amended to clarify that the City's current rate ordinance was enacted on January 6, 1998, and not on March 4, 1997.

Section 15. This Supplemental Resolution shall be effective immediately upon adoption.

Dated: June 16, 1998

THE CITY OF ST. MARYS

By: Louis Flade
Mayor

[SEAL]

Linda K. Wilson
Recorder

CHASFS3:123219

THE CITY OF ST. MARYS 2.6
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND ORDINANCE

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THE CITY OF ST. MARYS

ORDINANCE AUTHORIZING THE DESIGN OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. MARYS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF ST. MARYS:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be designed certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the design of a wastewater treatment plant, certain extensions and upgrades to the collection system, and all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further additions thereto or extensions thereof are herein called the "System").

C. The Issuer intends to permanently finance the costs of design of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (West Virginia Water Development Authority) (the "Series 2003 A Bonds"), in the total aggregate principal amount of not more than $500,000, initially to be represented by a single bond, to permanently finance the costs of design of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2003 A Bonds prior to and during design and for a period not exceeding 6 months after completion of design of the Project; amounts which may be deposited in the Series 2003 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2003 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design 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 2003 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2003 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2003 A Bonds as to liens, pledge, source of and security for payment, being the (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, dated November 13, 1996, issued in the original principal amount of $128,000 (the "Series 1996 B Bonds"); and (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, dated June 18, 1998, issued in the original principal amount of $554,000 (the "Series 1998 A Bonds").

The Series 1996 B Bonds and the Series 1998 A Bonds are hereinafter collectively called the "Prior Bonds". The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances".

The Series 2003 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2003 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Series 2003 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Prior Bonds and the Series 2003 A Bonds and to make all payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the design of the Project, the operation of the System and the issuance of the Series 2003 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project by the West Virginia Infrastructure and Jobs Development Council and if required, the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia (the"PSC") by final order, the time for rehearing and appeal of which will either

have expired prior to the issuance of the Series 2003 A Bonds or such final order will not be subject to appeal.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 2003 A 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 Registered Owners, 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 2003 A 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, collectively, Chapter 8, Article 20 and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2003 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

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

"Board" means the Water and Sewer Board of the Issuer.

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

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

"Bonds" means, collectively, the Series 2003 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2003 A Bonds for all or a portion of the proceeds of the Series 2003 A Bonds from the Authority.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of

which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means The City of St. Marys, a municipal corporation and political subdivision of the State of West Virginia, in Pleasants County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and the Board of the Issuer.

"Loan Agreement" means the loan agreement heretofore entered, or to be entered, into by and between the Authority and the Issuer, providing for the purchase of the Series 2003 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2003 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2003 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2003 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond 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 X hereof; and (iv) for purposes of consents or other action by a specified percentage of Registered Owners, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2003 A Bonds in the Supplemental Resolution with the written consent of the Authority.

"Prior Bonds" means, collectively, the Series 1996 B Bonds and the Series 1998 A Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted October 15, 1996, the supplemental resolution of the Issuer adopted November 6, 1996, the ordinance of the Issuer enacted June 16, 1998, and the supplemental resolution of the Issuer adopted June 16, 1998, authorizing the issuance of the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account, all as determined by the Code.

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

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

"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 Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended; and

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts created for the Prior Bonds and the Series 2003 A Bonds.

"Reserve Requirements" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

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

"Series 1996 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, dated November 13, 1996, issued in the original principal amount of $128,000.

"Series 1998 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, dated June 18, 1998, issued in the original principal amount of $554,000.

"Series 2003 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (West Virginia Water Development Authority), of the Issuer, authorized by this Bond Legislation.

"Series 2003 A Bonds Project Fund" means the Series 2003 A Bonds Project Fund created by Section 5.01 hereof.

"Series 2003 A Bonds Reserve Account" means the Series 2003 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 2003 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2003 A Bonds in the then current or any succeeding year.

"Series 2003 A Bonds Sinking Fund" means the Series 2003 A Bonds Sinking Fund created by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds created for the Prior Bonds and the Series 2003 A Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2003 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2003 A Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF DESIGN OF THE PROJECT

Section 2.01. Authorization of Design of the Project. There is hereby authorized and ordered the design of the Project, at an estimated cost of not to exceed $500,000, which will be paid from proceeds of the Series 2003 A Bonds. The Issuer is hereby authorized and directed to approve the contract with the Consulting Engineer for the design of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2003 A Bonds, funding the Series 2003 A Bonds Reserve Account, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2003 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2003 A Bonds of the Issuer. The Series 2003 A Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bond, Series 2003 A (West Virginia Water Development Authority)," in the principal amount of not more than $500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2003 A Bonds remaining after funding of the Series 2003 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, on the Series 2003 A Bonds shall be deposited in or credited to the Series 2003 A Bonds Project Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2003 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2003 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2003 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2003 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2003 A Bonds. The Series 2003 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable,

corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall have such terms as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2003 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2003 A Bonds shall cease to be such officer of the Issuer before the Series 2003 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2003 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2003 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2003 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2003 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Registered Owner, in accepting the Series 2003 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Registered Owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide registered owner for value.

So long as the Series 2003 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2003 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2003 A Bonds or transferring the registered Series 2003 A Bonds are exercised, all Series 2003 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2003 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2003 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2003 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2003 A Bonds or, in the case of any proposed redemption of Series 2003 A Bonds, next preceding the date of the selection of Series 2003 A Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2003 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner'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. Bonds not to be Indebtedness of the Issuer. The Series 2003 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning

of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the System as herein provided. No Registered Owner of the Series 2003 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2003 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2003 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2003 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2003 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2003 A Bonds to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2003 A Bonds to the original purchasers.

Section 3.10. Form of Bonds. The text of the Series 2003 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2003 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF ST. MARYS, a municipal corporation and political subdivision of the State of West Virginia in Pleasants County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on _____ 1, _____ 1, _____ 1 and _____ 1 of each year, commencing _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The interest on this Bond shall accrue on the amount of each advance from the date shown on the Record of Advances attached hereto as EXHIBIT A and shall be payable quarterly on _____ 1, ___ 1, _____ 1 and _____ 1 of each year, commencing _____ 1, 20____, initially at the rate of __% per annum, and commencing _____, ____, at the rate of __% per annum, as set forth on EXHIBIT B attached hereto.

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 are payable by check or draft of the Paying Agent mailed to the Registered Owner (as defined in the hereinafter described Bond Legislation) hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding a payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond is subject to prepayment without penalty in whole or in part at any time upon the payment of the outstanding principal and the interest accrued to the prepayment date, so long as this Bond is prepaid on or before _____. Thereafter, this Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority dated _____, 200_.

This Bond is issued (i) to pay the costs of design of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 20____, and a Supplemental Resolution duly adopted by the Issuer on _____, 20____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1996 B, DATED NOVEMBER 13, 1996, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $128,000; AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A, DATED JUNE 18, 1998, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $554,000 (COLLECTIVELY, THE PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2003 A Bonds Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or

statutory provision or limitation, 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 2003 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2003 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and

manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, THE CITY OF ST. MARYS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 2003.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2003.

_____, as Registrar

_____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and ratified and incorporated into this Bond Legislation. The Series 2003 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Filing of Amended Schedule. Upon completion of the design of the Project, the Issuer will file with the Authority a schedule, the form of which will be provided by the Authority, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2003 A Bonds Project Fund.

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

(1) Series 2003 A Bonds Sinking Fund; and

(2) Series 2003 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Sinking Funds for the Prior Bonds, the amount required by the Prior Ordinances for payment of interest on the Prior Bonds; and (ii)commencing 3 months prior to the first date of payment of interest on the Series 2003 A Bonds, for which interest has not been capitalized or as required in the

Loan Agreement, for deposit in the Series 2003 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2003 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2003 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Sinking Funds for the Prior Bonds, the amount required by the Prior Ordinances for payment of principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2003 A Bonds, for deposit in the Series 2003 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2003 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2003 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Reserve Accounts for the Prior Bonds, the amount required by the Prior Ordinances to be deposited therein; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2003 A Bonds, if not fully funded upon issuance of the Series 2003 A Bonds, for deposit in the Series 2003 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2003 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2003 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2003 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, or improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not,

as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2003 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2003 A Bonds as the same shall become due. Moneys in the Series 2003 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2003 A Bonds as the same shall come due, when other moneys in the Series 2003 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2003 A Bonds Sinking Fund and Series 2003 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during design of the Project, be deposited in the Series 2003 A Bonds Project Fund, and following completion of design of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2003 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2003 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2003 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2003 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2003 A Bonds Sinking Fund or the Series 2003 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2003 A Bonds then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal or reserve payments, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata with respect to the Prior Bonds and Series 2003 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account

created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2003 A Bonds Outstanding under the conditions and restrictions set forth herein.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payments 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2003 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2003 A Bonds, there shall first be deposited with the Commission in the Series 2003 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2003 A Bonds, there shall be deposited with the Commission in the Series 2003 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2003 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2003 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2003 A Bonds Project Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so transferred or expended, are hereby pledged as additional security for the Series 2003 A Bonds.

D. After completion of design of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2003 A Bonds shall be expended as approved by the Authority.

Section 6.02. Disbursements of Bond Proceeds. The Issuer shall each month provide the Authority with a requisition for the costs incurred for design of the Project, together with such documentation as the Authority shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2003 A Bonds Project Fund shall be made only after submission to, and approval from, the Authority of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

A. None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

B. 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. Each of such costs has been otherwise properly incurred; and

D. Payment for each of the items proposed is then due and owing.

Pending such application, moneys in the Series 2003 A Bonds Project Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2003 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2003 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2003 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2003 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Series 2003 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2003 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2003 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2003 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on March 5, 2002, and the water rate ordinance of the Issuer enacted September 18, 2001, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2003 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2003 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2003 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2003 A Bonds, immediately be remitted to the Commission for deposit in the Series 2003 A Bonds Sinking Fund and the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2003 A Bonds. Any balance remaining after the payment of the Series 2003 A Bonds and the 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 in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase or redemption of Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price of such Bonds. Such payment of such proceeds into the Sinking Funds 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 Registered Owners, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2003 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2003 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2003 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2003 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2003 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2003 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority or without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2003 A Bonds.

No such Parity Bonds shall be issued except for the purposes of financing the costs of design, acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115% of the maximum debt service in any succeeding year on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued; 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 the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of

the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2003 A Bonds and the Registered Owners of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Ordinances. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2003 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 2003 A Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Ordinances, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments and compliance.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of designing the

Project. The Issuer shall permit the Authority, or its agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority such documents and information as they may reasonably require in connection with the design of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times.

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 Registered Owner of the Series 2003 A 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 PSC. 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 Authority, or any other original purchaser of the Series 2003 A Bonds, and shall mail in each year to any Registered Owner of the Series 2003 A Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations 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 in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any

successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2003 A Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 2003 A 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, the Act and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to design the Project. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

Section 7.09. Rates. Prior to the issuance of the Series 2003 A Bonds, 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 the rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created (or, where appropriate, continued) hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2003 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2003 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the Reserve

Accounts and any reserve accounts for obligations on a parity with the Series 2003 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2003 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2003 A Bonds, including the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate by a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority or to any Registered Owner of the Series 2003 A Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and any Registered Owner of the Series 2003 A Bonds, or anyone acting for and on behalf of such Registered Owner.

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project will be designed as described in the application submitted to the Authority.

The Issuer shall employ and retain qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the PSC 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 PSC, 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 PSC, discontinue and shut off the services of the System, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2003 A Bonds remain Outstanding, the Issuer

will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

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

(3) WORKER'S COMPENSATION COVERAGE for all employees of or for the System eligible therefor.

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the sewerage facilities portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System.

Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the PSC, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion of Design of Project; Permits and Orders. The Issuer shall cause the Project to be designed as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the design of the Project, all orders and approvals from the PSC and the West Virginia Infrastructure and Jobs Development Council necessary for the design of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority or other state, federal or local bodies in regard to the design, acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2003 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2003 A Bonds during the term thereof is, under the terms of

the Series 2003 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2003 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2003 A Bonds during the term thereof is, under the terms of the Series 2003 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2003 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2003 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2003 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than State or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2003 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2003 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2003A Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Statutory Mortgage Lien. For the further protection of the Registered Owners of the Series 2003 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2003 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2003 A Bonds or immediately thereafter, enter into written contracts for the immediate design of the Project.

B. The Issuer shall submit all proposed change orders to the Authority for written approval. The Issuer shall obtain the written approval of the Authority before expending any proceeds of the Series 2003 A Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer.

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

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. Any moneys held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the Prior Ordinances, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission 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 investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2003 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2003 A Bonds from gross income for federal income tax purposes.

Section 8.02. Non Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2003 A Bonds which would cause the Series 2003 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and Regulations, and (ii) it shall take all actions

that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2003 A Bonds) so that the interest on the Series 2003 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03 Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Series 2003 A Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Series 2003 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt bonds (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Series 2003 A Bonds are issued are not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2003 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and Regulations from time to time in effect and applicable to the Series 2003 A Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. The Issuer shall obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary to maintain the exclusion of interest on the Series 2003 A Bonds from gross income for federal income tax purposes. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent

attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond year, a certified copy of its rebate calculation or, if the Issuer qualifies for the small issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge which would make the Series 2003 A Bonds subject to rebate. 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, including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2003 A Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2003 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2003 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants covenants, agreements or conditions on its part relating to the Series 2003 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2003 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Registered Owner of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2003 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 Series 2003 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2003 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2003 A Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2003 A Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the Series 2003 A Bonds, any Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with the power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of such Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and maintain, manage and control the System, 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 the System as the Issuer itself might exercise.

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Registered Owners of the Series 2003 A Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Legislation, then 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 2003 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2003 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2003 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2003 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2003 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2003 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2003 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 2003 A Bonds from gross income of the Registered Owners thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2003 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2003 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. Except for the Prior Ordinances, all ordinances, orders or resolutions and or parts thereof in conflict with

the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the 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, the Recorder and members of the Governing Body and the Board were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance in the form set forth in Exhibit A attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the St. Marys Oracle and the Pleasants County Leader, 2 qualified newspapers published and of general circulation in The City of St. Marys, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2003 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than 10 days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. The Governing Body hereby determines that the abstract of this Ordinance as set forth in Exhibit A contains sufficient information as to give notice of the contents hereof. 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.

Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing hereon and final reading hereof.

Passed on First Reading:	September 16, 2003
Passed on Second Reading:	October 7, 2003
Passed on Final Reading Following Public Hearing:	October 21, 2003

L. Lee Lynn
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly passed by the Council of THE CITY OF ST. MARYS on October 7, 2003, and effective October 21, 2003.

Dated this 22nd day of October, 2003.

[SEAL]

Linda K. Wilson
Recorder

10/06/03
100926/00304

EXHIBIT A

THE CITY OF ST. MARYS

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on October 7, 2003, the Council of The City of St. Marys (the "Issuer") adopted an ordinance which, among other things:

1. Authorized the design of certain additions, betterments and improvements (the "Project") to the sewerage portion of the Issuer's existing public combined waterworks and sewerage system (the "System") and the financing of the cost, not otherwise provided, thereof through the issuance of not more than $500,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (West Virginia Water Development Authority) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Loan Agreement").

3. Authorized the execution and delivery of the Loan Agreement.

4. Directed the continuation of a Revenue Fund and the disposition of the revenues of the System; provided for the payment of operating expenses; provided for the monthly payment of principal of and interest on the Bonds when due; provided for the creation of a Sinking Fund, a Reserve Account and a Renewal and Replacement Fund for the Bonds; and provided for the use of excess funds of the System.

5. Directed the creation of a Project Fund and the disbursement of Bond proceeds.

6. Provided that the Bonds shall not 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 of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the Registered Owners of the Bonds to the Net Revenues of the System.

7. Provided certain conditions for the issuance of additional bonds.

8. Provided for insurance coverage on the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the Registered Owners of the Bonds.

9. Established the events of default and the remedies of the Registered Owners of the Bonds.

10. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer contemplates the issuance of the Bonds described in and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of The City of St. Marys at a regular meeting on October 21, 2003, at 7:00 p.m., in the Council Chambers, City Hall, 418 Second Street, St. Marys, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council is on file with the Recorder for review by interested persons during the office hours of the City Hall.

_____

Recorder

THE CITY OF ST. MARYS 2.7
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE CITY OF ST. MARYS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of The City of St. Marys (the "Issuer") has duly and officially passed a Bond Ordinance on October 7, 2003, effective October 21, 2003 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE DESIGN OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. MARYS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS;

AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (West Virginia Water Development Authority), of the Issuer, in an aggregate principal amount not to exceed $500,000 (the "Bonds"or the "Series 2003 A Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF ST. MARYS, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance (the "Notice") was duly published in the St. Marys Oracle and the Pleasants County Leader, 2 qualified newspapers published and of general circulation in the Issuer, with the first publication thereof being not less than 10 days before the day set by the Bond Ordinance and

the Notice for the public hearing at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

(B) In accordance with the Bond Ordinance and the Notice, the Recorder has maintained in his or her office a certified copy of the Bond Ordinance for review by interested persons during the regular office hours of such office;

(C) In Council chambers, City Hall, St. Marys, West Virginia, on October 21, 2003, at 7:00 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Bond Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Bond Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Bond Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Bond Ordinance and this Supplemental Resolution.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $425,000. The Bonds shall be dated the date of delivery and shall finally mature October 1, 2025. The interest on the Bonds shall accrue on the amount of each advance from the date shown on the Record of Advances attached to the Bonds as EXHIBIT A and shall be payable quarterly on January 1, April 1, July 1 and October 1 of each year, commencing January 1, 2004, initially at the rate of 3% per annum, and commencing January 1, 2006, at the rate of 5% per annum, as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds. The principal of the Bonds shall be payable quarterly on January 1, April 1, July 1 and October 1 of each year, commencing January 1, 2006, in the amounts as set forth in the Schedule Y attached to the Loan Agreement. The Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Bonds.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 4. The Issuer hereby authorizes, ratifies, approves and accepts the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the Application to the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer hereby appoints and designates The First National Bank of St. Marys, St. Marys, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 6. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 7. The Issuer hereby appoints and designates The First National Bank of St. Marys, St. Marys, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 2003 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 A Bonds Sinking Fund as capitalized interest.

Section 9. Series 2003 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2003 A Bonds Reserve Account.

Section 10. The remaining proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2003 A Bonds Project Fund, as received from time to time for payment of costs of design of the Project, including costs of design of issuance of the Bonds.

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

about October 22, 2003.

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

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer hereby approves and accepts the contract relating to the design of the Project.

Section 15. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

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

Adopted this 21st day of October, 2003.

L. Lee Agnum

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of St. Marys on the 21st day of October, 2003.

Dated this 22nd day of October, 2003.

[SEAL]

Linda K. Wilson
Recorder

10/08/03
100926/00304

WEST VIRGINIA
Water Development Authority

Celebrating 32 Years of Service 1974 - 2006

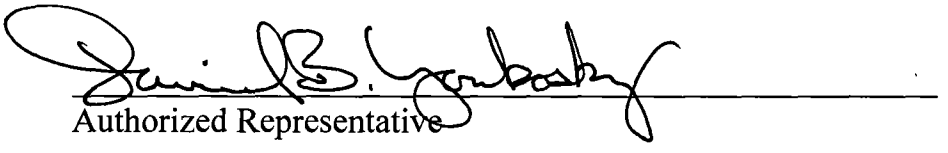
THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon a certificate of Philip R. Postlewait, Jr., the Issuer's certified public accountant and the opinion of Jackson Kelly, PLLC, as bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Series 1996 B Bonds and the Series 1998 A Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) (the "Bonds"), in the original principal amount of $1,581,250, by The City of St. Marys (the "Issuer"), under the terms of the Bond Ordinance authorizing the Bonds, on a parity as to liens, pledge and source of and security for payment with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, dated November 13,1996 (the "Series 1996 B Bonds"), and Combined Waterworks, Sewerage System Revenue Bonds, Series 1998 A, dated June 18, 1998 (the "Series 1998 A Bonds") and Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (West Virginia Water Development Authority), dated October 22, 2003 (the "Series 2003 A Bonds").

WITNESS my signature on this 10th day of July, 2006.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY



Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. RATES
7. INCUMBENCY AND OFFICIAL NAME
8. MEETINGS
9. INSURANCE
10. LOAN AGREEMENT
11. SPECIMEN BOND
12. BOND PROCEEDS
13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
14. LAND AND RIGHTS-OF-WAY
15. PUBLIC SERVICE COMMISSION ORDER
16. CONFLICTS OF INTEREST
17. VERIFICATION OF SCHEDULE
18. PROCUREMENT OF ENGINEERING SERVICES
19. COMPLIANCE WITH WEST VIRGINIA JOBS ACT
20. COUNTERPARTS

On this 10th day of July, 2006, we, the undersigned MAYOR AND RECORDER of The City of St. Marys in Pleasants County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 2006 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly passed by the Issuer on July 5, 2006, effective July 5, 2006, the Supplemental Resolution duly adopted by the Issuer on July 5, 2006 (collectively, the

"Ordinance"), and the loan agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Authority ("Council"), dated July 10, 2006 (the "Loan Agreement").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Governing Body thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues, or the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement. The Issuer has met all conditions set forth in the Loan Agreement and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Bonds as to liens, pledge, source of and security for payment, being the (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, dated November 13, 1996, issued in the original principal amount of $128,000 (the "Series 1996 B Bonds"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, dated June 18, 1998, issued in the original principal amount of $554,000 (the "Series 1998 A Bonds"); and (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A, dated

October 22, 2003, issued in the original principal amount of $425,000 (the "Series 2003 A Bonds").

The Series 1996 B Bonds, the Series 1998 A Bonds and the Series 2003 A Bonds are hereinafter collectively called the "Prior Bonds." The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances."

The Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds have been met; and (ii) the written consent of the Registered Owners of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES AND DELIVERY: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign all of the Bonds, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature; the undersigned Recorder did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; and the Registrar did officially authenticate, register and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement.

6. RATES: The Issuer has duly enacted a sewer rate ordinance on January 6, 2004, and a water rate ordinance on January 6, 1998, setting forth the rates and charges for the services of the System. The Issuer has complied with all requirements of the Act and the Public Service Commission of West Virginia (the "PSC") to make the rates valid and effective. The time for appeal of such rate ordinances has expired and there has been no appeal thereof and such rates are in full force and effect.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The City of St. Marys." The Issuer is a municipal corporation of the State of West Virginia in Pleasants County of said State. The Governing Body of the Issuer is its Council, consisting of 6 Council members and the Mayor, all duly elected or appointed,

qualified and acting, whose names and dates of commencement and termination of their current terms of office are listed below:

Office	Name	Date Of Commencement Of Office	Date Of Termination Of Office
Mayor	L. Paul Ingram	07/01/2005	06/30/2009
Council Member	Rick McCullough	07/01/2005	06/30/2009
Council Member	Charlie Knight	07/01/2005	06/30/2009
Council Member	Holly S. West	07/26/2005	06/30/2009
	(Election results were contested)		
Council Member	Jody Haddox	10/26/2005	06/30/2007
	(Fulfill unexpired term)		
Council Member	C. A. (Mike) Hendricks	07/01/2003	06/30/2007
Council Member	Paula J. Wince	07/01/2003	06/30/2007

The duly appointed, qualified and acting Recorder of the Issuer is Linda Wilson. The duly appointed and acting Attorney for the Issuer is Keith White, Esquire, of St. Marys, West Virginia.

8. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at meetings of the Governing Body duly and regularly or specifically called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and a quorum of duly elected or appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance and the Loan Agreement. All insurance for the System required by the Ordinance and the Loan Agreement is in full force and effect.

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

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

12. BOND PROCEEDS: On the date hereof, the Issuer received the sum of $82,850 from the Authority and the Council, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the St. Marys Oracle and the Pleasants County Leader, 2 qualified newspapers published and of general circulation in the Issuer, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in the Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on July 5, 2006, at 7:00 p.m., prevailing time, in the council chambers of the City Hall in St. Marys, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing and remains in full force and effect.

14. LAND AND RIGHTS-OF-WAY: All land, rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and

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

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the PSC orders entered on November 9, 2005, in Case No. 05-1091-S-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the PSC Order entered November 9, 2005, has expired prior to the date hereof without any appeal having been filed. Such order is in full force and effect.

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

17. VERIFICATION OF SCHEDULE: The final amended Schedule B attached to the Certificate of Consulting Engineer, with the signature of the Mayor and the Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

18. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

19. COMPLIANCE WITH WEST VIRGINIA JOBS ACT: Unless it shall hereafter be qualified for an exception, the Issuer shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act"), and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Issuer hereby certifies to the Council and the Authority that (I) the Issuer will comply with all the requirements of the West Virginia Jobs Act; (II) the Issuer

has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Issuer has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Issuer will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The Issuer will also certify in the monthly requisitions submitted to the Council that the Issuer is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

20. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of the Issuer as of the date first written above.

[SEAL]

Signature	Official Title
	Mayor
	Recorder
	Attorney

EXHIBIT A

See Specimen Bond (Tab No. 15)

THE CITY OF ST. MARYS 3.2
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE AS TO ARBITRAGE

On this 10th day of July, 2006, the undersigned Mayor of The City of St Marys in Pleasants County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $1,581,250 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, dated July 10, 2006 (the "Bonds"), hereby certifies as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance duly passed by the Issuer on July 5, 2006, effective July 5, 2006 (the "Bond Ordinance"), authorizing the Bonds.

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 10, 2006, the date on which the Bonds are to be physically delivered in exchange for more than a de minimis amount of the principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it shall take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on July 10, 2006, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated July 10, 2006, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), for an aggregate purchase price of $1,581,250 (100% of par value), at which time, the Issuer received $82,850 from the Authority and the Council, being more than a de minimus amount of the principal of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as the acquisition and construction of the Project progresses.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and proceed with due diligence to completion and, with the exception of proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of acquisition and construction of the Project on or before June 12, 2007. The acquisition and construction of the Project is expected to be completed by April 12, 2007.

9. The total cost of the acquisition and construction of the Project (including all costs of issuance of the Bonds) is estimated to be $1,581,250. Sources and uses of funds are as follows:

SOURCES

Gross Proceeds of the Bonds	$1,581,250
Total Sources	$1,581,250

USES

Costs of Project	$1,558,750
Costs of Issuance	$ 22,500
Total Uses	$1,581,250

The total amount of the costs of refunding the Series 2003 A Bonds and the costs of acquisition and construction of the Project is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet such costs, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1 (c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds will be longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created (or continued pursuant to the Prior Ordinances):

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2006 A Bonds Construction Trust Fund;

(4) Series 2006 A Bonds Sinking Fund; and

(5) Series 2006 A Bonds Reserve Account.

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

(1) Bond proceeds in the amount of $-0- will be deposited in the Series 2006 A Bonds Reserve Account.

(2) The balance of the proceeds of the Bonds will be deposited in the Series 2006 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of acquisition and construction of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

Amounts in the Series 2006 A Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the acquisition and construction of the Project, not to exceed 3 years. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. § 1.150-2(f)(2), none of the proceeds of the Bonds will be used to reimburse the Issuer for costs of acquisition and construction of the Project previously incurred and paid by the Issuer with its own funds.

12. Moneys held in the Series 2006 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2006 A Bonds Reserve Account (if equal to the Series 2006 A Bonds Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during acquisition and construction of the Project, deposited into the Series 2006 A Bonds Construction Trust Fund, and following completion of acquisition and construction of the Project, will be deposited in the Series 2006 A Bonds Sinking Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Except for the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial

difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, 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 desegregation plan or other investment property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the stated principal amount of the Bonds, if any, will be deposited in the Series 2006 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 2006 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Series 2006 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2006 A Bonds 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.

14. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into a contract for the acquisition and construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Bonds.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 18 months of the date hereof.

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

17. With the exception of the amount deposited in the Series 2006 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 22 months from the date of issuance thereof.

18. The Series 2006 A Bonds Sinking Fund (other than the Series 2006 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 2006 A Bonds Sinking Fund (other than the Series 2006 A Bonds Reserve Account therein) will be depleted at least once a year, except for a reasonable carryover amount not in excess of the greater of $1/12^{th}$ of annual debt service on the Bonds or 1 year's interest earnings on the Series 2006 A Bonds Sinking Fund (other than the Series 2006 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2006 A Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2006 A Bonds

Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 2006 A Bonds Sinking Fund (other than in the Series 2006 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

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

20. 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.

21. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds or $5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

23. The Issuer shall use the proceeds of the Bonds solely for the costs of acquisition and construction of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

24. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

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

26. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the

Internal Revenue Service in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

27. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

28. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

29. The Issuer has either (a) funded the Series 2006 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2006 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2006 A Bonds 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 Series 2006 A Bonds Reserve Account and the Series 2006 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of acquisition and construction of the Project.

30. 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 a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer 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.

31. The Issuer 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.

32. The Issuer 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 and the interest thereon. In addition, the Issuer has covenanted 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 has covenanted to take such actions, or refrain from taking such actions, as may be necessary to fully comply with Section 148(f) of the Code and the

Regulations, regardless of whether such actions may be contrary to any of the provisions of the Bond Ordinance authorizing issuance of the Bonds.

33. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 2006, the calendar year in which the Bonds are issued, is not reasonably expected to exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code. For purposes of this paragraph and for purposes of applying such Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer. No portion of the Bonds is issued to refund other obligations.

34. The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, or payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of

such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

35. The Bonds are a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

36. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bonds determined by assuming the Bonds are retired on the date that when used in computing the yield on the Bonds produces the lowest yield.

37. No portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

38. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as the Bonds.

39. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

40. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

41. On the date hereof, the undersigned Mayor did officially execute a properly completed IRS Form 8038-G in connection with the Bonds and will cause such executed IRS Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the applicable Internal Revenue Service Center. The information contained in such executed Form 8038-G is true, correct and complete.

42. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

43. Jackson Kelly PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

WITNESS my signature as of the date first written above.

THE CITY OF ST. MARYS

L. Paul Lyons

Mayor

THE CITY OF ST. MARYS 3.3
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

On this 10th day of July, 2006, the undersigned duly appointed Recorder of The City of St. Marys, West Virginia (the "Issuer"), hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) are, as of the date hereof, true, complete and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted, enacted or entered by the Council of the Issuer, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter.

2. Oaths of Office of Mayor, Recorder and Council Members.

3. Rules of Procedure of Council.

4. Public Service Commission Order.

5. Infrastructure Council Approval Letter.

6. Loan Agreement.

7. Rate Ordinance.

8. Minutes of Council Meetings regarding All Readings and Public Hearing of the Rate Ordinance.

9. Affidavit of Publication of the Rate Ordinance and Notice of Public Hearing.

10. Bond Ordinance.

11. Supplemental Resolution.

12. Minutes of Council Meetings regarding All Readings and Public Hearing of the Bond Ordinance and Adoption of the Supplemental Resolution.

13. Affidavit of Publication of the Notice of Public Hearing and Abstract of Bond Ordinance.

14. 1996 Bond Ordinance and Supplemental Resolution.

15. 1998 Bond Ordinance and Supplemental Resolution.

16. 2003 Bond Ordinance and Supplemental Resolution.

16. WDA Consent to Issuance of Parity Bonds.

17. NPDES Permit.

18. Evidence of Insurance.

WITNESS my signature and the official seal of the Issuer as of the date first written above.

Linda K. Wilson

Recorder

[SEAL]

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

CERTIFICATE OF CONSULTING ENGINEER

On this 10th day of July, 2006, I, Ashok M. Sanghavi, Registered Professional Engineer, West Virginia License No. 6177, of S&S Engineers, Inc., Consulting Engineers, Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") to the sewerage portion of the existing public combined waterworks and sewerage system (the "System") of The City of St. Marys (the "Issuer"), to be constructed primarily in Pleasants County, West Virginia, which acquisition and construction are being permanently financed by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance passed by the Issuer on July 5, 2006, effective July 5, 2006, and the loan agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council ("Council"), dated July 10, 2006 (the "Loan Agreement").

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

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 32 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A, and in reliance upon the opinion of Keith

White, Esquire, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of the Issuer=s certified public accountant, Philip R. Postlewait, Jr., CPA, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended ASchedule A - Total Cost of Project, Sources of Funds and Cost of Financing@ for the Project.

WITNESS my signature and seal as of the date first written above.

[SEAL]

S&S ENGINEERS, INC.

Ashok M. Sanghavi, P.E.
West Virginia License No. 6177

City of St. Marys - Phase I
IJDC No. 2001 S-626
Schedule B

A. COST OF PROJECT	TOTAL	IJDC loan	WDA Design Loan Approved Budget	Paid from WDA Design Loan
1. Construction	1,207,030.50	1,207,030.50	0.00	0.00
2. Technical Services S&S Engineers				
a. Basic Services	30,000.00	0.00	30,000.00	30,000.00
b. Design	156,250.00	0.00	156,250.00*	156,250.00
c. Inspection/Post Const. Services	100,000.00	100,000.00	0.00	0.00
3. Legal & Fiscal				
a. Legal	40,000.00	15,000.00	25,000.00	23,581.00
b. Accounting	15,000.00	5,000.00	10,000.00	0.00
4. Administrative	45,000.00	30,000.00	15,000.00	7,849.00
5. Sites & Other Lands				
a. Land acquisition / ROW	20,000.00	0.00	20,000.00	12,000.00
6. Project Contingency	81,019.50	81,019.50	0.00	0.00
7. Construction Contingency 10%	120,700.00	120,700.00	0.00	0.00
8. TOTAL of Lines 1 through 7	1,815,000.00	1,558,750.00	256,250.00	229,680.00
B. COST OF FINANCING				
9. Funded Reserve	0.00	0.00	0.00	0.00
10. Other Costs				
a. Registrar fees	1,000.00	500.00	500.00	500.00
b. Bond Counsel	34,000.00	22,000.00	12,000.00	12,000.00
11. Cost of Issuance	35,000.00	22,500.00	12,500.00	12,500.00
12. TOTAL PROJECT COST line 9 plus line 11	1,850,000.00	1,581,250.00	268,750.00	242,180.00
C. SOURCES OFOTHER FUNDS				
13. Federal Grants	0.00	0.00	0.00	0.00
14. State grant	0.00	0.00	0.00	0.00
15. Other Grants	0.00	0.00	0.00	0.00
16. Any Other Source	0.00	0.00	0.00	0.00
17. TOTAL GRANTS Lines 14 through 16	0.00	0.00	0.00	0.00
18. Size of Bond Issue (IJDC)	1,850,000.00	1,581,250.00	268,750.00	242,180.00

City of St. Marys

S&S Engineers, Inc.

Note: *Design fee approved by WDA is total of $312,500.00 for Phase I & Phase II. Therefore, Total WDA Approved Budget is $425,000.

PHILIP R. POSTLEWAIT, JR.
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1281
PARKERSBURG, WEST VIRGINIA 26102
TELEPHONE (304) 422-7444
FACSIMILE (304) 422-4911

July 10, 2006

THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

The City of St. Marys
St. Marys, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

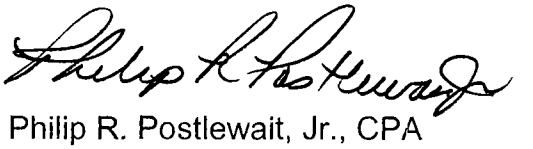
West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

I have reviewed the water and sewer service rates of The City of St. Marys (the "Issuer"), enacted by the Issuer on January 6, 1998 and January 6, 2004, respectively, the projected operating expenses and the anticipated customer usage provided by S&S Engineers, Inc. It is my opinion that such rates are sufficient (i) to provide for all operating expenses of the combined waterworks and sewerage system of the Issuer (the "System"), and (ii) to leave a balance each fiscal year equal to at least 115% of the maximum amount required in any succeeding fiscal year for the payment of principal of and interest on the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A and Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A (collectively, the "Prior Bonds"), and Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund) (the "Series 2006 A Bonds").

It is further my opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2006 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2006 A Bonds, will not be less than 115% of the maximum debt service in any succeeding year on the Prior Bonds and the Series 2006 A Bonds.

Very truly yours,



Philip R. Postlewait, Jr., CPA

THE CITY OF ST. MARYS 3.6
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

RECEIPT FOR BONDS

On this 10th day of July, 2006, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On the date hereof, in Charleston, West Virginia, the Authority received the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of The City of St. Marys (the "Issuer"), dated July 10, 2006, issued in the principal amount of $1,581,250, in the form of one bond, fully registered to the Authority, and numbered AR-1 (the "Bonds").

2. At the time of such receipt of the Bonds, they had been executed by the Mayor of the Issuer and attested by the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature as of the date first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

THE CITY OF ST. MARYS 3.7
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

RECEIPT FOR BOND PROCEEDS

On this 10th day of July, 2006, the undersigned Mayor of The City of St. Marys (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

On the date hereof, the Issuer received from the West Virginia Water Development Authority (the "Authority"), as the original purchaser of the $1,581,250 The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated July 10, 2006 (the "Bonds"), the sum of $82,850.00, being a portion of the principal amount of the Bonds. The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer from time to time as construction proceeds to completion.

WITNESS my signature as of the date first written above.

THE CITY OF ST. MARYS

L. Paul Lyon
Mayor

THE CITY OF ST. MARYS 3.8
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE, REGISTER AND DELIVER THE BONDS

The First National Bank of St. Marys, as Registrar
St. Marys, West Virginia

Ladies and Gentlemen:

On this 10th day of July, 2006, we herewith hand to you, duly executed, the $1,581,250 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), in the form of one bond, numbered AR-1, dated July 10, 2006 (the "Bonds"), of The City of St. Marys, West Virginia (the "Issuer"), authorized to be issued under and pursuant to a Bond Ordinance duly passed by the Issuer on July 5, 2006, effective July 5, 2006, and a Supplemental Resolution duly adopted by the Issuer on July 5, 2006.

You are hereby requested and authorized to authenticate, register and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority.

WITNESS our signatures as of the date first written above.

THE CITY OF ST. MARYS

L. Pardyn
Mayor

(SEAL)

Attest:
Linda K Wilson
Recorder

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 10th day of July, 2006, by and between THE CITY OF ST. MARYS, WEST VIRGINIA, a municipal corporation (the "Issuer"), and THE FIRST NATIONAL BANK OF ST. MARYS, St. Marys, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,581,250 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated July 10, 2006 (the "Bonds"), in the form of one bond, numbered AR-1, in fully registered form, pursuant to a Bond Ordinance duly passed by the Issuer on July 5, 2006, effective July 5, 2006, and a Supplemental Resolution duly adopted July 5, 2006 (collectively, 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 an appointment by the Issuer of a Registrar for the Bonds; 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 Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income

for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation heretofore agreed by the parties and set forth in the attached invoice.

5. It is intended that this Registrar's Agreement shall carry out and implement 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 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

ISSUER:

The City of St. Marys
418 Second Street
St. Marys, WV 26170
Attention: Mayor

REGISTRAR:

The First National Bank of St. Marys
P.O. Box 180
St. Marys, WV 26170
Attention: President

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Ordinance.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

THE CITY OF ST. MARYS

L. Paul Hyer

Mayor

THE FIRST NATIONAL BANK OF ST. MARYS

Johanna Burke

Authorized Officer

EXHIBIT A

See Bond Ordinance (Tab No. 11)
See Supplemental Resolution (Tab No. 12)

THE CITY OF ST. MARYS 3.10
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE OF REGISTRATION OF BONDS

THE FIRST NATIONAL BANK OF ST. MARYS, St. Marys, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of The City of St. Marys, West Virginia (the "Issuer"), dated July 10, 2006, in the principal amount of $1,581,250, and numbered AR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 10th day of July, 2006.

THE FIRST NATIONAL BANK OF ST. MARYS,
as Registrar

Johanna Burke
Authorized Officer

THE CITY OF ST. MARYS 3.11
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2006 A (WEST VIRGINIA INFRASTRUCTURE FUND)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

THE FIRST NATIONAL BANK OF ST. MARYS, St. Marys, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The City of St. Marys, West Virginia (the "Issuer"), passed on July 5, 2006, effective July 5, 2006, and a Supplemental Resolution adopted by the Issuer on July 5, 2006 (collectively, the "Ordinance"), authorizing the issuance of The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), in the aggregate principal amount of $1,581,250, dated July 10, 2006, and agrees to serve as Depository Bank, all as set forth in the Ordinance.

WITNESS my signature on this 10th day of July, 2006.

THE FIRST NATIONAL BANK OF ST. MARYS

Johanna Burke
Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION 3.12
Suite 500 **NEW ISSUE REPORT FORM**
8 Capitol Street, Charleston, WV 25301 Date of Report: July 10, 2006
(304) 558-3971

ISSUE: The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund)

ADDRESS: 418 Second Street, St. Marys, WV 26170 COUNTY: Pleasants
PURPOSE OF ISSUE: New Money X
Refunding ___ Refunds issue(s) dated:
ISSUE DATE: July 10, 2006 CLOSING DATE: July 10, 2006
ISSUE AMOUNT: $ 1,581,250 RATE:
1st DEBT SERVICE DUE: December 1, 2007 1st PRINCIPAL DUE: December 1, 2007
1st DEBT SERVICE AMOUNT: $14,770.56 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL:
Contact Person:
Phone:

CLOSING BANK: First National Bank of St. Marys
Contact Person: Rick Turner
Phone: (304)684-2255

ESCROW TRUSTEE:
Contact Person:
Phone:

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Linda Wilson
Position: Recorder
Phone: (304) 684-2401

OTHER: WV Infrastructure & Jobs Development Council
Contact Person: Jefferson Brady, P.E.
Function: Executive Secretary
Phone: (304) 558-4607

OTHER: WV Water Development Authority
Contact Person: Daniel B. Yonkosky
Function: Director
Phone: (304) 558-3612

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

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

NOTES: The Series 2006 A Bonds Reserve Account will be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required:
Transfers Required:

JACKSONKELLY
ATTORNEYS AT LAW PLLC

1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130

www.jacksonkelly.com

DIRECT NO. (304) 340-1318 FAX NO. (304) 340-1272

EMAIL: sgee@jacksonkelly.com

July 10, 2006

CERTIFIED - RETURN RECEIPT REQUESTED

Internal Revenue Service Center
Ogden, UT 84201

Re: The City of St. Marys
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

Enclosed are two copies of Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, relative to the above-described bond issue. Please file one copy and return one copy marked "Filed" to the undersigned in the enclosed postage paid, self-addressed envelope.

Very truly yours,

Samme L. Gee

SLG:lp

Enclosures

{C1104543.1}

Form **8038-G** (Rev. November 2000)

Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return,** check here ▶ ☐

1 Issuer's name **The City of St. Marys**	2 Issuer's employer identification number **55 6000247**	
3 Number and street (or P.O. box if mail is not delivered to street address) **418 Second Street**	Room/suite	4 Report number **3 2006-1**
5 City, town, or post office, state, and ZIP code **St. Marys, WV 26170**		6 Date of issue **July 10, 2006**
7 Name of issue **Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (WV Infrastru**		8 CUSIP number **None**
9 Name and title of officer or legal representative whom the IRS may call for more information **L. Paul Ingram, Mayor**	10 Telephone number of officer or legal representative **(304) 684-2401**	

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

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	1,581,250
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	06/01/2036	$ 1,581,250	$ 1,581,250	15.986 years	.05004434 %

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

22	Proceeds used for accrued interest			22	0
23	Issue price of entire issue (enter amount from line 21, column (b))			23	1,581,250
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	22,500		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27	Proceeds used to currently refund prior issues	27	0		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	22,500
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,558,750

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	years
33	Enter the last date on which the refunded bonds will be called ▶	
34	Enter the date(s) the refunded bonds were issued ▶	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	
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 ▶ _____ and the date of the issue ▶ _____		
38	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐		
39	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐		
40	If the issuer has identified a hedge, check box ▶ ☐		

Sign Here

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.

L. Paul Ingram — Signature of issuer's authorized representative

7/10/2006 — Date

L. Paul Ingram, Mayor — Type or print name and title

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0020168
SUBJECT: Sewage

ISSUE DATE: August 01, 2002
EFFECTIVE DATE : August 31, 2002
EXPIRATION DATE: August 30, 2007
SUPERSEDES: Permit No. WV0020168 dated August 27, 1997

LOCATION:	SAINT MARYS	Pleasants	Middle Ohio River 1
	(City)	**(County)**	**(Drainage Basin)**

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: ST MARY'S CITY OF
418 SECOND ST
ST. MARYS, WV 26170

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:
operate and maintain an existing 300,000 gallon per day sewage collection and treatment system consisting of 51840 linear feet of gravity sewer lines sizes 4,6,8,10 and 12 inches, five (5) lift stations, 11775 linear feet of force main, sizes 4,6 and 8 inches, six (6) cleanouts, 160 manholes, and a grit chamber, two (2) 45,000 gallon aeration tanks with mechanical aerators, two (2) 20,250 gallon clarifiers, chlorine disinfection with a 7,000 gallon contact tank, a 33,000 gallon aerated sludge holding tank, a plate and frame press, one (1) 1,500 square foot sludge drying bed, and all necessary appurtenances.
Upgrade the existing wastewater treatment facilities by removing the existing comminutor & installing an arc screen, replace existing RAS/WAS pumps with new 250 gpm pumps, remove existing surface aerators and replace with fine bubble aeration system in two(2) existing aeration tanks, install two(2) blowers, install a new 28 feet diameter center feed clarifier, abandon the existing chlorine contact tank and feed system & install new ultraviolet disinfection system, enclose existing sludge drying beds, install a 0.7 meter belt filter press, a lime feed system, & sludge pumps, replace influent pumps with 500 gpm pumps and install an influent meter, renovate three(3) existing pump stations, install new pump station to serve Harmony Acres, and all other necessary appurtenances.
The system is designed to serve a maximum of 3,000 persons or equivalents in the City of St. Marys and discharge the treated wastewater to the Ohio River (Mile Point155).

This permit is subject to the following terms and conditions :
The information submitted on and with Permit Application No. WV0020168 dated the 20th day of February 2002, is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A,B,C,D, and Appendix A.
The wastewater treatment facility improvement shall be constructed in accordance with the plans, specifications and reports approved by the Office of Water Resources (Construction Assistance). A further description of these documents is presented as follows:

Sewage Collection System and Treatment Plant improvements constructed in accordance with:
Plans, Specifications and Reports
Prepared by:
S & S Engineers ,Inc.
501 Eagle Mountain Road
Charleston, WV 25311
State Revolving Fund Project Nos. : C-544032 and C-544032-02
Approval Date: November 2, 1999 and December 26, 2000

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

Inspectable Unit	Latitude	Longitude	Receiving Stream	Milepost
001	39°23'32"	81°12'36"	OHIO RV	155
S01	39°23'32"	81°12'36"	N/A	

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning August 31, 2002 and lasting through midnight August 30, 2007 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations						Monitoring Requirements		
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
Flow,in Conduit or thru plant (Year Round) (ML-1)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mgd	Continuous	measured
BOD, 5-Day 20 Deg.C (Year Round) (ML-B)	75.1 Avg. Monthly	150.1 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/month	8 hr comp
Total Suspended Solids (Year Round) (ML-A)	75.1 Avg. Monthly	150.1 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/month	8 hr comp
Nitrogen, Kjeldahl Total (Year Round) (ML-A)	45 Avg. Monthly	90.1 Max. Daily	Lbs/Day	N/A	18 Avg. Monthly	36 Max. Daily	mg/l	1/month	8 hr comp
Coliform, Fecal (Year Round) (ML-A) See Section C.16.	N/A	N/A	N/A	N/A	200 Mo. Geo. Mean	400 Max. Daily	Cnts/100ml	1/month	Grab
pH (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	9 Inst. Max.	S.U.	1/month	Grab
Chlorine, Total Residual (Year Round) (ML-A) See section C.18.	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	ug/l	1/month	Grab
Zinc, Total Recoverable (Year Round) (ML-A) See Section C. 13 and C.14.	N/A Avg. Monthly	N/A Max. Daily	Lbs/Day	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	ug/l	1/quarter	8 hr comp
Lead, Total Recoverable (Year Round) (ML-A) See Section C. 13 and C.14.	N/A Avg. Monthly	N/A Max. Daily	Lbs/Day	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	ug/l	1/quarter	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent BOD5 samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning August 31, 2002 and lasting through midnight August 30, 2007 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations							Monitoring Requirements	
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
Copper, Total Recoverable (Year Round) (ML-A)	N/A Avg. Monthly	N/A Max. Daily	Lbs/Day	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	ug/l	1/quarter	8 hr comp
See Section C. 13 and C.14.									
BOD, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	N/A	85 Avg. Monthly	N/A	Percent	1/month	8 hr comp
See Section C.17.									
Solids, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	N/A	85 Avg. Monthly	N/A	Percent	1/month	8 hr comp
See Section C.17.									

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent BOD5 samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

A.S01 SEWAGE SLUDGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning August 31, 2002 and lasting through midnight August 30, 2007 the permittee is authorized to dispose sludge in accordance with the following from Outlet Number S01 (Sludge)

Effluent Characteristic	Limitations							Monitoring Requirements	
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
pH (Year Round) (ML-+)	N/A	N/A	N/A	Rpt Only Min.	N/A	Rpt Only Max.	S.U.	1/6 months	Grab
Arsenic, Sludge Tot. Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Cadmium,Sludge,Tot Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Chromium, Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Copper,Sludge,Tot,Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Lead, Dry. Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Mercury, Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Molybdenum,Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Nickel, Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp

A.S01 SEWAGE SLUDGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning August 31, 2002 and lasting through midnight August 30, 2007 the permittee is authorized to dispose sludge in accordance with the following from Outlet Number S01 (Sludge)

Effluent Characteristic	Quantity		Units	Limitations	Other Units		Units	Monitoring Requirements: Measurement Frequency	Monitoring Requirements: Sample Type
Selenium,Sludge,Tot. Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Zinc, Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Calcium, Total (as Ca) (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Solids, Total Sludge Percent (Year Round) (ML-+)	N/A	N/A	N/A	Rpt Only Min.	Rpt Only Avg.	Rpt Only Max.	Percent	1/6 months	1/wk Comp
Potassium, Sludge Tot. Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Phosphorus,Sludge,Tot,Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Nitrogen, Ammonia Tot. Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Nitrogen, Sludge Tot. Dry Wt (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Organic Nitrogen (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp

A.S01 SEWAGE SLUDGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning August 31, 2002 and lasting through midnight August 30, 2007 the permittee is authorized to dispose sludge in accordance with the following from Outlet Number S01 (Sludge)

Effluent Characteristic	Limitations							Monitoring Requirements	
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
Magnesium,Tot (as Mg) (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp

B. SCHEDULE OF COMPLIANCE

1. **The permitee shall achieve compliance with the provisions for waste treatment and the monitoring requirements specified in the permit in accordance with the following schedule :**

   Nov 01, 2002: Submit plan to implement a program to identify and eliminate sources of inflow and infiltration. See condition C.15

   Dec 31, 2003: Completion of the upgrade. See cover page terms and conditions.

2. **Reports of compliance or non-compliance with, and progress reports on interim and final requirements contained in the above compliance schedule, if any, shall be postmarked no later than 14 days following each schedule date.**

Section C - Other Requirements

1. The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.
2. The entire sewage treatment facility shall be adequately protected by fencing.
3. The proper operation and maintenance of the listed sewage treatment facility shall be performed, or supervised, by a certified operator possessing at least a Class II (2) certificate for Waste Water Treatment Plant Operators as issued by the State of West Virginia. The on-site attendance of this facility's Class II (2) operator shall be determined and directed by the Bureau for Public Health, Office of Environmental Health Services.
4. Instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.
5. The arithmetic mean of values for effluent samples collected in a period of seven (7) consecutive days shall not exceed 45.0 mg/l for BOD5 and TSS.
6. The permittee shall submit Monthly according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration and/or quantities the values of the constituents listed in Section A analytically determined to be in the plant effluent(s). Additional information pertaining to effluent monitoring and reporting can be found in Section III of Appendix A.
7. The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

```
Director
Division of Water Resources
1201 Greenbrier Street
Charleston, West Virginia 25311-1088
Attention: Permitting Section
```

8. The permittee shall not accept any new non-domestic discharges without first obtaining approval from the Director of the Division of Water Resources as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.
9. If any existing non-domestic discharge causes, or is suspected of causing, interference or pass through (as defined by 40 CFR 403.3) or otherwise violates any provision of 40 CFR 403, the permittee shall notify the Director of such violation or suspected violation.
10. If any existing non-domestic discharge is identified as being subject to Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this permit, the permittee shall notify the Director of such identification.
11. The average daily design flow of the Publicly Owned Treatment Works has been established at 0.30 million gallons per day. When the average monthly effluent flow reported on Discharge Monitoring Reports reaches, or exceeds, 90 percent of the average design flow, 0.270 million gallons per day, during three (3) consecutive monthly periods, the permittee shall submit a Plan of Action to the Director. The Plan of Action shall present, at a minimum, an analysis of current hydraulic and organic loadings on the plant, an analysis of the future projected loadings, and a Schedule of Tasks to accomplish procedures necessary to maintain required treatment levels.
12. Any future collection system extensions projected to cause an increase in the wastewater flow, equal to, or greater than, 15,000 gallons per day, five (5) percent of average design flow, shall require the permittee to contact the Director to secure approval of the extension. After consideration of the complexity of the project, and the available treatment capacity of the facility, the Director may require the permittee to seek approval through Modification of the Permit.
13. Effluent monitoring for the Copper, Lead, and Zinc parameters shall be conducted using the most sensitive methods and detection levels commercially available and economically feasible. The following methods and detection levels are offered as a guide:

Parameter	EPA Method No.	Recommended Detection Level (ug/l)
Copper (TR)	220.2	1
Lead (TR)	239.2	1
Zinc (TR)	289.2	1

Section C - Other Requirements

14. The analytical test procedures, set forth in 40 CFR Part 136, prescribe colorimetric methods for certain parameters. The digestion process for the performance of total recoverable is not sufficient for the utilization of a colorimetric procedure. Therefore, colorimetric procedures shall not be acceptable for the analysis of parameters prescribed as total recoverable.

15. The permittee shall continue to implement a program to identify and eliminate sources of inflow and infiltration. On or before 90 days from the effective day of the permit, the Permittee shall submit to the Director a written Plan of Action that stipulates specific tasks and compliance dates for the implementation of the program. A written progress report shall be provided on a quarterly basis, as an attachment to the Discharge Monitoring Report, detailing what has been performed in relation to the implementation and accomplishments of the inflow and infiltration elimination program. Failure of the permittee to comply with this requirement shall result in subsequent administrative and/or legal action, as may be necessary in order to obtain the compliance sought herein.

16. Over the term of this permit, the permittee is allowed up to One (1) excursion of the maximum daily fecal coliform effluent limitation prescribed in Section A.001 (Final Requirements). The number of allowed excursions is based upon one (1) percent of the number of required self-monitoring events. Utilization of the excursion allowance is conditioned as follows.

    a. Excursion allowances are afforded only to self-monitoring results and only when self-monitoring activities assess compliance with the maximum daily effluent limitation by analysis of an individual grab sample. No excursion allowance can be applied to analytical results obtained by representatives of the Director in the performance of their compliance assessment activities. Additionally, representatives of the Director may assess compliance with the maximum daily effluent limitation by collection and analysis of an individual grab sample.

    b. The excursion allowance is contingent upon the permittee's prompt return to compliance as evidenced by the next required fecal coliform self-monitoring event.

    c. The result for which an excursion allowance is claimed shall be included in the calculation of the average monthly effluent value.

    d. Should an excursion allowance be utilized by the permittee, said allowance must be reported as an attachment to the Discharge Monitoring Report. This attachment should state that (1) an excursion allowance was taken in accordance with the conditions outlined above, (2) the total number of allowances taken to date during the term of this permit, and (3) the total number of allowances remaining during the term of this permit. The permittee shall maintain an on-site record of the excursion allowances utilized during the term of the permit.

17. The permittee shall be required to test the Outlet Number 001 wastewater treatment plant influent, in order to calculate the percent (%) removal parameters for five (5) day Biochemical Oxygen Demand and Total Suspended Solids, as prescribed in Section A.001 of this Permit. Influent sampling requirements shall include the following.

    a. Influent Biochemical Oxygen Demand Five (5) Day and Total Suspended Solids samples shall be collected on a monthly basis.

    b. Influent Biochemical Oxygen Demand Five (5) Day and Total Suspended Solids sampling shall be collected using the same sample type as required in Section A.001 of this Permit for effluent Biochemical Oxygen Demand Five (5) Day and Total Suspended Solids samples.

    c. Influent Biochemical Oxygen Demand Five (5) Day and Total Suspended Solids sampling shall be performed over the same time period as effluent Biochemical Oxygen Demand Five (5) Day and Total Suspended Solids sampling.

    d. The percent (%) removal associated with each influent/effluent sample shall be calculated and, when applicable, all the results calculated during the month shall be averaged for the purpose of reporting compliance with the average monthly percent (%) removal permit limitations.

18. The permitte shall monitor the effluent discharge for from Outlet 001 for Total Residual Chlorine (TRC). TRC samples shall be taken, preserved and analyzed in accordance with the latest edition of 40CFR Part 136. The permittee is in the process of upgrading the facility to an ultraviolet disinfection system. When installed, the permittee may submit a permit modification to remove TRC monitoring.

Section D - Sewage Sludge Management Requirements

01. The permittee shall monitor and report monthly on the enclosed Sewage Sludge Management Report form the quality and quantity of sewage sludge produced. The required report shall be received no later than 20 days following the end of the reporting period and be addressed to:

    Director
    Division of Water Resources
    1201 Greenbrier Street
    Charleston, WV 25311-1088
    Attention: Permitting Section

02. The permittee shall provide copies of monthly reports to the county or regional solid waste authority in which the facility or land application site(s) is located.

03. The Sewage Sludge Monitoring Report form shall be submitted semiannually. The required report shall be received no later than 20 days following the end of the reporting period and shall be addressed to:

    Director
    Division of Water Resources
    1201 Greenbrier Street
    Charleston, WV 25311-1088
    Attention: Permitting Section

04. The following method of sludge disposal shall be used for sewage sludge generated and/or processed at the permitted facility:

    Landfill Disposal: Sewage sludge may be disposed at a landfill by placing the sewage sludge in the landfill cell, provided that the landfill obtains approval from the Division of Waste Management to allow the acceptance of sewage sludge from the permittee, and provided that the landfill(s) is/are identified in the permit application. Prior approval by the Division of Water Resources is required to change landfill disposal site(s).

05. Areas used for processing, curing, and/or storage of sewage sludge shall be designed, constructed and operated to prevent release of contaminants to the groundwater and/or surface water.

06. All analyses performed on soils and sewage sludges shall be analyzed in accordance with analytical methods listed in 40 CFR Part 503.8 except that Nutrients may be analyzed in accordance with the most recently approved edition of Standard Methods and pH may be analyzed using EPA Method 9045A.

07. Sewage sludge disposed in a landfill cell shall be a non-hazardous material as defined in 40 CFR Part 261.24 and a minimum of 20 percent solids. If the sewage sludge is not 20 percent solids, a bulking agent may be used to achieve 20 percent solids before the sewage sludge is weighed in at the landfill. Alternative sludge disposal methods at the landfill can be utilized upon obtaining prior written approval from the Director of the Division of Waste Management.

08. If sewage sludge is used for revegetation, or spread in any other manner at the landfill, the sewage sludge shall meet all of the land application requirements. These requirements include vector attraction and pathogen reduction methods, heavy metals limits, and abiding by an approved loading rate based on soil analyses.

09. The permittee shall maintain all records and reports of all monitoring required by Section D of this permit for five (5) years after the date of monitoring or reporting. Records should include all sample results; any landfill receipts; copies of all required reports; and records of all data used to complete these reports.

10. The limitations and monitoring requirements listed in Section A.S01 of this Permit shall apply to the sewage sludge or sewage sludge products.

Section D - Sewage Sludge Management Requirements

11. The appropriate composite sampling procedures shall be based upon the particular sludge processing methods used by the permittee. The composite sampling procedures for the various methods are described as follows:

Belt Press or Vacuum Filter - During the week that the composite sample is obtained, the permittee shall take a minimum of three (3) grab samples during each day of the week that the dewatering system is in operation. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected at a point immediately after the dewatering operation.

Liquid Sludge - During the week that the composite sample is obtained, the permittee shall take a representative grab sample from each truck load of sewage sludge hauled during that week. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected from the sewage sludge being pumped into the truck or as the sewage sludge is being discharged from the truck.

Sewage Sludge Drying Beds - During the week that the composite sample is obtained, the permittee shall take a minimum of four (4) grab samples from each bed finished during that week. These grab samples are to be mixed together and the final sample obtained from the composite.

Composting or Stock Piles - The permittee shall obtain a minimum of eight (8) grab samples from the pile of finished product. These grab samples are to be mixed together and the final sample obtained from the composite.

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

PERMIT

(Sewer)
PROJECT: Wastewater Pump Station Improvements Phase I PERMIT NO.: 15,967

LOCATION: St. Marys COUNTY: Pleasants DATE: 3-10-2004

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

City of St. Marys
418 Second Street
St. Marys, West Virginia 26170

is hereby granted approval to: install approximately 44 LF of 6", 199 LF of 8" and 40 LF of 10" sewer line; necessary manholes; upgrade the Middle Island wastewater pump station; upgrade the existing Donald Street wastewater pump station with major work to consist of replacing the existing pumps with two (2) 100 G.P.M. pumps and adding a valve vault; adding a new St. Marys Correctional Center 250 G.P.M. duplex submersible wastewater pump station; replacing the existing Harmony Acres wastewater pump station with a new 275 G.P.M. duplex submersible wastewater pump station; replace the existing Gallaher Street wastewater pump station with a new 375 G.P.M. duplex submersible wastewater pump station; approximately 6,331 LF of 6" force main; and all necessary valves, controls and appurtenances.

Facilities are to serve the City of St. Marys.

Note: This permit is contingent upon maintaining a minimum ten (10) feet horizontal separation between water and sewer line (including force mains) and a minimum 18" vertical separation between crossing water and sewer lines (including force mains), with the water line to be installed above the sewer line.

The Office of Environmental Health Services Wheeling District Office, telephone (304) 238-1145, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:sec

pc: S & S Engineers, Inc.
O. Robert Coontz, P.E., DEP
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Pleasants County Health Department
OEHS-EED Wheeling District Office

Division of Water and Waste Management
414 Summers Street, 2nd Floor
Charleston, WV 25301
Telephone Number: (304) 558-4086
Fax Number: (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Stephanie R. Timmermeyer
Cabinet Secretary

July 26, 2004

Honorable L. Paul Ingram
City of St. Marys
418 Second Street
St. Marys, WV 26170

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0020168
Modification No. 1

Dear Mayor Ingram:

This letter serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0020168 issued the 1st day of August 2002.

After reviewing your permit and your application for Modification No. WV0020168-A dated the 24th day of March 2004, the above referenced permit is hereby modified as follows:

To acquire, construct, install, operate, and maintain new collection system with forty (40) linear feet of ten (10) inch gravity sewer line, 199 linear feet of eight (8) inch gravity sewer line, 44 linear feet of six (6) inch gravity sewer line, forty (40) linear feet of four (4) inch gravity sewer line, five (5) manholes, two (2) cleanouts, three (3) lift stations, upgrades to two (2) existing lift stations, 6,331 linear feet of six (6) inch force main, and all necessary appurtenances.

To acquire, construct, install, operate, and maintain new 300,000 GPD extended aeration wastewater treatment plant consisting of a grit chamber, bar screen, two (2) 150,000 gallon aeration chambers, two (2) 150,000 gallon clarifiers, and all necessary valves, controls and appurtenances.

The information submitted on and with Permit Modification Application No. WV0020168-A dated the 24th day of March 2004, along with the plans and specifications approved by the Bureau of Public Health, is all hereby made terms and conditions of this Permit with like effect as if all such permit modification application information was set forth herein.

Additionally, this proposed wastewater collection and treatment system shall be constructed in accordance with the terms and conditions of the Bureau of Public Health Permit No. 15,967.

PROPOSED COLLECTION SYSTEM/WASTEWATER TREATMENT PLANT UPGRADE TO BE CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications, and Reports:

Date Approved: March 10, 2004
Prepared by: S & S Engineers, Inc.
501 Eagle Mountain Road
Charleston, WV 25311

Title: The City of St. Marys
Waste Water System
Improvements Project
Phase I
St. Marys Correctional
Center Connection
Pleasants County, WV

The City of St. Marys shall complete the construction of this Collection System and Wastewater Treatment Plant upgrade on or before the 31st of March 2006.

All other terms and conditions of the subject permit shall remain in effect and unchanged.

Sincerely,

Allyn G. Turner
Director

AGT/bc

CC: Env. Inspector Supervisor
Env. Inspector
William S. Herold, Jr, P.E.
Construction Assistance

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID AH STMAR-2 | DATE (MM/DD/YYYY) 07/06/06

PRODUCER

Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314
Phone: 304-345-8000 Fax:304-345-8014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

City of St. Marys
418 Second Street
St. Marys WV 26170

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Clarendon Insurance Group	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

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

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [ ] LOC	APR 12-00683-03	05/01/06	05/01/07	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Emp Ben.	$ 1,000,000 $ 500,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000 1,000,000
A		AUTOMOBILE LIABILITY [X] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [X] HIRED AUTOS [X] NON-OWNED AUTOS	APR 11-00683-03	05/01/06	05/01/07	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A		EXCESS/UMBRELLA LIABILITY [X] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [X] RETENTION $10,000	APR 16-00683-03	05/01/06	05/01/07	EACH OCCURRENCE AGGREGATE	$ 2,000,000 $ 2,000,000 $ $ $
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	APR 12-00683-03	05/01/06	05/01/07	[X] WC STATUTORY LIMITS [ ] OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Re: Proof of insurance for a bond closing.

CERTIFICATE HOLDER

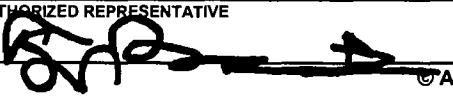
JAKCHA1

Jackson Kelly PLLC
Samme Gee
PO Box 11276
Charleston WV 25339

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



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IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

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

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

CLOSING MEMORANDUM

To: **Linda Wilson**
Barbara Meadows
Jefferson Brady
Samme Gee

From: **Franki Parsons**

Date: **July 10, 2006**

Re: **The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund)**

DISBURSEMENT TO CITY

Payor:	West Virginia Infrastructure Fund
Source:	Series 2006 A Bonds Proceeds
Amount:	$82,850
Date:	July 10, 2006
Form:	Wire Transfer
Payee:	The City of St. Marys
Bank:	The First National Bank of St. Marys
Account:	Series 2006 A Bonds Construction Trust Fund
Routing No.:	19 0043 0
Account No.:	051501778

JACKSONKELLY
ATTORNEYS AT LAW PLLC
1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

July 10, 2006

The City of St. Marys
St. Marys, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: The City of St. Marys
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as bond counsel to The City of St. Marys ("the Issuer"), a municipal corporation, in connection with the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds, dated July 10, 2006, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of $1,581,250, in the form of one bond, registered to the Authority, bearing interest at the rate of .5% per annum, with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing December 1, 2007, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended

(collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on July 5, 2006, effective July 5, 2006, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 5, 2006 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement is entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance and in the Loan Agreement when used herein.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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

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

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

3. The Loan Agreement inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B; Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A; and Combined Waterworks and Sewerage System Revenue Bonds, Series 2003 A, all in accordance with the terms of the Bonds and the Ordinance.

6. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be and continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such

Code requirements or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 7 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. Based upon the certifications of the Issuer set forth in the Certificate as to Arbitrage and under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code. The opinion set forth above is subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code relating to the applicable exceptions to rebate. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements could cause proceeds of the Bonds to be subject to such arbitrage rebate requirements retroactive to the date of issuance of the Bonds.

8. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

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

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

Very truly yours,

Jackson Kelly PLLC

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July 10, 2006

The City of St. Marys
St. Marys, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: The City of St. Marys
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

I am counsel to The City of St. Marys in Pleasants County, West Virginia (the AIssuer@). As such counsel, we have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the ABonds@), a loan agreement for the Bonds, dated July 10, 2006, including all schedules and exhibits attached thereto (the ALoan Agreement@), by and between the Issuer and the West Virginia Water Development Authority (the AAuthority@), on behalf of the West Virginia Infrastructure and Jobs Development Council (the ACouncil@), a Bond Ordinance duly passed by the Issuer on July 5, 2006, effective July 5, 2006, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 5, 2006 (collectively, the AOrdinance@), and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Loan Agreement and the Ordinance when used herein.

I am of the opinion that:

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to enact the Ordinance, all under the Act and other applicable provisions of law.

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

3. The Mayor, Recorder and members of the Council of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Ordinance has been duly adopted and enacted by the Issuer and is in full force and effect.

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

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

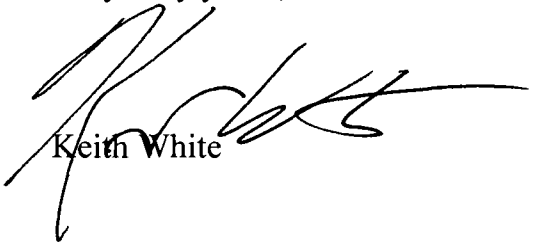
PSC orders entered on November 9, 2005, in Case No. 05-1091-S-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the PSC Order entered November 9, 2005, has expired prior to the date hereof without any appeal having been filed. The order remains in full force and effect.

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

8. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,



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July 10, 2006

The City of St. Marys
St. Marys, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: Final Title Opinion for The City of St. Marys

Ladies and Gentlemen:

I am counsel to The City of St. Marys (the "Issuer") in connection with a proposed project to construct certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and presently existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the West Virginia Department of Environmental Protection.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by S&S Engineers, Inc., the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Pleasants County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Pleasants County to protect the legal title to and interest of the Issuer.

Very truly yours,

Keith White