$554,000
THE CITY OF ST. MARYS
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 1998 A

CLOSING DATE: JUNE 18, 1998

State of West Virginia

Certificate

I, Ken Hechler, 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 AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on this

Seventeenth *day of* **June** *19* **98**

Secretary of State

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. (1961, c. 104; 1969, c. 86; 1978, c. 72; 1990, c. 141.)

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

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes. (1933, Ex. Sess., c. 26, § 14; 1969, c. 86; 1990, c. 141.)

§ 8-19-21. Specifications for water mains and water service pipes.

Considering the importance of public fire protection, any state or local government, public service district, public or private utility which installs, constructs, maintains, or upgrades water mains, shall ensure that all new mains specifically intended to provide fire protection are supplied by mains which are not less than six inches in diameter. A permit or other written approval shall be obtained from the department of health and human resources for each hydrant or group of hydrants installed in compliance with section nine [§ 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 WATERWORKS AND SEWERAGE SYSTEMS.

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8-20-18. Alternative procedure for acquisition, construction, etc., of combined waterworks and sewerage system.
8-20-19. Article to be liberally construed.

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.

§ 8-20-1a. 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. (1976, c. 83.)

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

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 sever said combined waterworks and sewerage system if the following conditions are met:

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

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined waterworks and sewerage system, or any part thereof, are outstanding, then the municipality must provide in said ordinance (i) that the severance of the combined waterworks and sewerage 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 (ii) 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 waterworks and sewerage 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 such committee, board or commission, and the creation of such other committees, boards or commissions as may be required by law. (1986, c. 118.)

Part II. Right of Eminent Domain.

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

For the purpose of acquiring, constructing, establishing or extending any waterworks system or any sewerage system, or a combined waterworks and sewerage system, or for the purpose of constructing any additions, betterments or improvements to any such waterworks or sewerage system, or a combined

waterworks and sewerage system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any waterworks or sewerage system, or combined waterworks and sewerage 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 shall 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 said municipality a municipal waterworks system or a combined waterworks and sewerage system under the provisions of this article to supply service in competition with an existing privately or municipally owned waterworks system or combined waterworks and sewerage system in such municipality or within the proposed extension of such system, unless a certificate of public convenience and necessity therefor shall have been issued by the public service commission. (1947, c. 112; 1969, c. 86.)

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 waterworks and sewerage system any existing waterworks system or any existing sewerage system, or both, such ordinance shall provide that it or they be so included in such combined system and shall describe in a general way such existing waterworks or sewerage system or both to be included in the combined waterworks and sewerage system. Such 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. Such ordinance shall determine the period of usefulness of the contemplated project. If it is intended to acquire, construct, establish and equip a combined waterworks and sewerage system or any part thereof, or to construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of said combined waterworks and sewerage system, or both, 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. Such ordinance shall fix the amount of revenue bonds proposed to be issued, the interest rate or rates, and any other details in connection with such bonds deemed advisable. Such 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.)

§ 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 such waterworks or sewerage system, or a combined waterworks and sewerage system, and for the purpose of paying the cost of constructing any extensions, additions, betterments or improvements to either the waterworks or sewerage system of said combined waterworks and sewerage system, or both, 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. Such bonds may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such 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 such 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 such 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 such bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes. Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with said combined waterworks or sewerage system, and all the moneys, revenues and other income of such municipality derived from such combined waterworks and sewerage system shall be exempt from all taxation by this State or any county, municipality, political subdivision or agency thereof. Such bonds may be sold in such manner as the governing body shall determine. If any such 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 of such municipality of the proceeds of such bonds shall 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 waterworks and sewerage system for refunding purposes, the proceeds of such 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 such 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 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. Such bonds shall have all the qualities of negotiable instruments under the laws of this State.

Whenever a waterworks and sewerage system is included in a combined waterworks and sewerage 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 such waterworks or such sewerage system 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 included in a combined waterworks and sewerage 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 waterworks and sewerage 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 waterworks and sewerage 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 such 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.)

§ 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 waterworks and sewerage system, and such bonds shall 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 such 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 deemed 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.)

§ 8-20-7. Lien of bondholders.

There shall be and there is hereby created and granted a statutory mortgage lien upon such combined waterworks and sewerage 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 waterworks and sewerage system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds.

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 such 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, such 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.)

§ 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 such municipality is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of such bonds as to:

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

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such combined waterworks and sewerage 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 such reserve or other funds as may be deemed necessary or desirable;

(c) The fixing, establishing and collecting of such rates or charges for the use of the services and facilities of the combined waterworks and sewerage 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 waterworks and sewerage system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such combined waterworks and sewerage system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of such bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of the combined waterworks and sewerage system of an amount equal to the cost of furnishing the municipality or any of its departments, boards or agencies with the services and facilities of such combined waterworks and sewerage system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such combined waterworks and sewerage system, and the rank or priority, as to lien and source and security for payment from the revenues of such combined waterworks and sewerage system, between bonds payable from such revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which such defaults may be declared cured and the acceleration of the maturity of such bonds rescinded and repealed;

(g) Budgets for the annual repair, maintenance and operation of such combined waterworks and sewerage system and restrictions and limitations

upon expenditures for such purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of such budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon such combined waterworks and sewerage 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 such ordinance or trust indenture may also contain such other additional covenants as shall be deemed necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such other covenants are not expressly enumerated 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 such 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.)

§ 8-20-9. Operating contract.

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

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates or charges; change in rates or charges; failure to cure delinquency; delinquent rates 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 waterworks and sewerage 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 and the sewerage harmless insofar as it is reasonably possible so to do, and any such municipality shall have plenary power and authority to charge the users for the use and service of such combined waterworks and sewerage system and to establish rates or charges for such purpose. Separate rates or charges may be fixed for the water and sewer services respectively or combined rates or charges for the combined water and sewer services. Such rates or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined waterworks and sewerage 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 or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(b) Whenever any rates and 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 such rates and charges are fully paid.

(c) All rates or charges for water service and sewer 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 such services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of such real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(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 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. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133; 1990, c. 140.)

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

Any such 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 said combined waterworks and sewerage system for the nonpayment of the rates or charges for said water service or sewer service, or both. (1955, c. 133; 1969, c. 86.)

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

All revenues derived from the operation of any combined waterworks and sewerage 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 such bonds are issued shall pledge the revenues derived from the combined waterworks and sewerage system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts as and when so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which such 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.)

§ 8-20-13. System of accounts; audit.

Any municipality operating a combined waterworks and sewerage system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from such combined water-

works and sewerage system and the application of the same. At least once each year such municipality shall cause such accounts to be properly audited, and a report of such audit shall be open to the public for inspection at all reasonable times. (1939, c. 98, § 10; 1969, c. 86.)

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

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 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 waterworks and sewerage 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 waterworks and sewerage 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 such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1961, c. 106; 1969, c. 86; 1981, 1st Ex. Sess., c. 2; 1986, c. 118.)

§ 8-20-17. Additional and alternative method for constructing, etc., and financing combined waterworks and sewerage 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 waterworks and sewerage 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 such 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 such 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.

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.)

PART V. OPERATION BY BOARD; CONSTRUCTION.

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

(a) As an alternative to the procedure hereinabove provided, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a combined waterworks and sewerage 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 such governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen [§ 8-16-1 et seq.] of this chapter.

(b) In the event that the waterworks or sewerage system or both are in existence prior to the creation of the combined waterworks and sewerage system, and the waterworks or sewerage system or both 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 waterworks and sewerage system, the governing body may by ordinance, after the creation of the combined waterworks and sewerage system, provide (1) the manner of and procedure for transferring such supervision and control from each such separate committee, board or commission to the committee, board or commission which is supervising and controlling the combined waterworks and sewerage system, or (2) the manner of and procedure for combining each such separate committee, board or commission into one committee, board or commission and transferring thereto such supervision and control as aforesaid. (1961, c. 104; 1969, c. 86.)

§ 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

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A

Closing: June 18, 1998

TRANSCRIPT OF PROCEEDINGS

I. Authorizing Documents

		INDEX
1.1	Certified copies of Chapter 8, Article 20, and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended.	1
1.2	Copy of the Charter of the City of St. Marys, West Virginia (the "City").	2
1.3	Oaths of office of Mayor, Recorder, and Council Members.	3
1.4	Rules of Procedure.	4
1.5	Minutes of Council meeting held May 19, 1998 regarding first reading of the Bond Ordinance.	5
1.6	Bond Ordinance (the "Ordinance") passed by the Council on June 2, 1998.	6
1.7	Minutes of meeting held by Council on June 2, 1998, regarding second reading and passage of the Ordinance.	7
1.8	Affidavits of publication of the abstract and notice of the public hearing published in the St. Marys Oracle and The Pleasants County Leader.	8
1.9	Excerpt of the minutes of meeting held by Council on June 16, 1998, wherein the Public Hearing was held and the Ordinance became effective.	9
1.10	Supplemental Resolution adopted by Council on June 16, 1998, authorizing the sale of the Bonds and minutes of meeting.	10

1.11	Loan Agreement dated June 18, 1998.	11
1.12	Copy of the Public Service Commission of West Virginia's (the "Commission") Final Order dated March 23, 1998, in Case No. 97-1000-W-CN, granting the City a Certificate of Public Convenience and Necessity and Approving the Financing.	12
1.13	West Virginia Infrastructure and Jobs Development Council Approval Letter.	13
1.14	Evidence of Grant from The County Commission of Pleasants County.	14

II. Certificates and Receipts

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2.3	Certificate as to Non-Arbitrage.	17
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2.10	Receipt for Bonds from the Water Development Authority.	24
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2.12	IRS Form 8038-G.	26
2.13	Municipal Bond Commission New Issue Form.	27
2.14	Consent to Issuance of Parity Debt of the Water Development Authority and the West Virginia Division of Environmental Protection.	28

IV. Opinions

3.1	Opinion of Jackson & Kelly, Bond Counsel, regarding Bonds dated June 18, 1998.	29
3.2	Opinion of Counsel to City, dated June 18, 1998.	30

The closing of the sale of the City of St. Marys Combined Waterworks and Sewerage System Bonds, Series 1998 A (the "Bonds"), will take place at the office of the West Virginia Water Development Authority, Charleston, West Virginia, at 11:00 a.m. prevailing time on June 18, 1998. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless or until all transactions are complete and all documents delivered.

CHASFS3:123117

State of West Virginia

Certificate

I, Ken Hechler, 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 AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on this

Seventeenth *day of* **June** *19* **98**

Secretary of State

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. (1961, c. 104; 1969, c. 86; 1978, c. 72; 1990, c. 141.)

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

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes. (1933, Ex. Sess., c. 26, § 14; 1969, c. 86; 1990, c. 141.)

§ 8-19-21. Specifications for water mains and water service pipes.

Considering the importance of public fire protection, any state or local government, public service district, public or private utility which installs, constructs, maintains, or upgrades water mains, shall ensure that all new mains specifically intended to provide fire protection are supplied by mains which are not less than six inches in diameter. A permit or other written approval shall be obtained from the department of health and human resources for each hydrant or group of hydrants installed in compliance with section nine [§ 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 WATERWORKS AND SEWERAGE SYSTEMS.

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

Sec.
8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.
8-20-1a. Cooperation with other governmental units.
8-20-1b. Severance of combined system.

Part II. Right of Eminent Domain.

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

Part III. Revenue Bond Financing.

8-20-3. Ordinance describing project; contents.
8-20-4. Publication of abstract of ordinance and notice; hearing.
8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.
8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.
8-20-7. Lien of bondholders.
8-20-8. Covenants with bondholders.
8-20-9. Operating contract.
8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates or charges; change in rates or charges; failure to cure delinquency; delinquent rates or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.
8-20-11. Discontinuance of water service for nonpayment of rates or charges.
8-20-12. Use of revenues; sinking fund.
8-20-13. System of accounts; audit.
8-20-14. Repair and maintenance of municipal sewerage system outside corporate limits.
8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

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

8-20-16. Grants, loans and advances.
8-20-17. Additional and alternative method for constructing, etc., and financing combined waterworks and sewerage system; cumulative authority.

Part V. Operation by Board; Construction.

8-20-18. Alternative procedure for acquisition, construction, etc., of combined waterworks and sewerage system.
8-20-19. Article to be liberally construed.

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.

§ 8-20-1a. 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. (1976, c. 83.)

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

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 sever said combined waterworks and sewerage system if the following conditions are met:

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

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined waterworks and sewerage system, or any part thereof, are outstanding, then the municipality must provide in said ordinance (i) that the severance of the combined waterworks and sewerage 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 (ii) 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 waterworks and sewerage 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 such committee, board or commission, and the creation of such other committees, boards or commissions as may be required by law. (1986, c. 118.)

Part II. Right of Eminent Domain.

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

For the purpose of acquiring, constructing, establishing or extending any waterworks system or any sewerage system, or a combined waterworks and sewerage system, or for the purpose of constructing any additions, betterments or improvements to any such waterworks or sewerage system, or a combined

waterworks and sewerage system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any waterworks or sewerage system, or combined waterworks and sewerage 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 shall 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 said municipality a municipal waterworks system or a combined waterworks and sewerage system under the provisions of this article to supply service in competition with an existing privately or municipally owned waterworks system or combined waterworks and sewerage system in such municipality or within the proposed extension of such system, unless a certificate of public convenience and necessity therefor shall have been issued by the public service commission. (1947, c. 112; 1969, c. 86.)

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 waterworks and sewerage system any existing waterworks system or any existing sewerage system, or both, such ordinance shall provide that it or they be so included in such combined system and shall describe in a general way such existing waterworks or sewerage system or both to be included in the combined waterworks and sewerage system. Such 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. Such ordinance shall determine the period of usefulness of the contemplated project. If it is intended to acquire, construct, establish and equip a combined waterworks and sewerage system or any part thereof, or to construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of said combined waterworks and sewerage system, or both, 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. Such ordinance shall fix the amount of revenue bonds proposed to be issued, the interest rate or rates, and any other details in connection with such bonds deemed advisable. Such 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.)

§ 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 such waterworks or sewerage system, or a combined waterworks and sewerage system, and for the purpose of paying the cost of constructing any extensions, additions, betterments or improvements to either the waterworks or sewerage system of said combined waterworks and sewerage system, or both, 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. Such bonds may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such 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 such 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 such 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 such bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes. Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with said combined waterworks or sewerage system, and all the moneys, revenues and other income of such municipality derived from such combined waterworks and sewerage system shall be exempt from all taxation by this State or any county, municipality, political subdivision or agency thereof. Such bonds may be sold in such manner as the governing body shall determine. If any such 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 of such municipality of the proceeds of such bonds shall 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 waterworks and sewerage system for refunding purposes, the proceeds of such 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 such 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 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. Such bonds shall have all the qualities of negotiable instruments under the laws of this State.

Whenever a waterworks and sewerage system is included in a combined waterworks and sewerage 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 such waterworks or such sewerage system 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 included in a combined waterworks and sewerage 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 waterworks and sewerage 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 waterworks and sewerage 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 such 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.)

§ 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 waterworks and sewerage system, and such bonds shall 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 such 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 deemed 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.)

§ 8-20-7. Lien of bondholders.

There shall be and there is hereby created and granted a statutory mortgage lien upon such combined waterworks and sewerage 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 waterworks and sewerage system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds.

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 such 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, such 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.)

§ 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 such municipality is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of such bonds as to:

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

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such combined waterworks and sewerage 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 such reserve or other funds as may be deemed necessary or desirable;

(c) The fixing, establishing and collecting of such rates or charges for the use of the services and facilities of the combined waterworks and sewerage 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 waterworks and sewerage system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such combined waterworks and sewerage system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of such bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of the combined waterworks and sewerage system of an amount equal to the cost of furnishing the municipality or any of its departments, boards or agencies with the services and facilities of such combined waterworks and sewerage system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such combined waterworks and sewerage system, and the rank or priority, as to lien and source and security for payment from the revenues of such combined waterworks and sewerage system, between bonds payable from such revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which such defaults may be declared cured and the acceleration of the maturity of such bonds rescinded and repealed;

(g) Budgets for the annual repair, maintenance and operation of such combined waterworks and sewerage system and restrictions and limitations

upon expenditures for such purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of such budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon such combined waterworks and sewerage 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 such ordinance or trust indenture may also contain such other additional covenants as shall be deemed necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such other covenants are not expressly enumerated 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 such 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.)

§ 8-20-9. Operating contract.

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

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates or charges; change in rates or charges; failure to cure delinquency; delinquent rates 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 waterworks and sewerage 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 and the sewerage harmless insofar as it is reasonably possible so to do, and any such municipality shall have plenary power and authority to charge the users for the use and service of such combined waterworks and sewerage system and to establish rates or charges for such purpose. Separate rates or charges may be fixed for the water and sewer services respectively or combined rates or charges for the combined water and sewer services. Such rates or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined waterworks and sewerage 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 or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(b) Whenever any rates and 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 such rates and charges are fully paid.

(c) All rates or charges for water service and sewer 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 such services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of such real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(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 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. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133; 1990, c. 140.)

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

Any such 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 said combined waterworks and sewerage system for the nonpayment of the rates or charges for said water service or sewer service, or both. (1955, c. 133; 1969, c. 86.)

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

All revenues derived from the operation of any combined waterworks and sewerage 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 such bonds are issued shall pledge the revenues derived from the combined waterworks and sewerage system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts as and when so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which such 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.)

§ 8-20-13. System of accounts; audit.

Any municipality operating a combined waterworks and sewerage system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from such combined water-

works and sewerage system and the application of the same. At least once each year such municipality shall cause such accounts to be properly audited, and a report of such audit shall be open to the public for inspection at all reasonable times. (1939, c. 98, § 10; 1969, c. 86.)

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

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 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 waterworks and sewerage 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 waterworks and sewerage 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 such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1961, c. 106; 1969, c. 86; 1981, 1st Ex. Sess., c. 2; 1986, c. 118.)

§ 8-20-17. Additional and alternative method for constructing, etc., and financing combined waterworks and sewerage 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 waterworks and sewerage 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 such 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 such 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.

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.)

PART V. OPERATION BY BOARD; CONSTRUCTION.

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

(a) As an alternative to the procedure hereinabove provided, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a combined waterworks and sewerage 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 such governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen [§ 8-16-1 et seq.] of this chapter.

(b) In the event that the waterworks or sewerage system or both are in existence prior to the creation of the combined waterworks and sewerage system, and the waterworks or sewerage system or both 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 waterworks and sewerage system, the governing body may by ordinance, after the creation of the combined waterworks and sewerage system, provide (1) the manner of and procedure for transferring such supervision and control from each such separate committee, board or commission to the committee, board or commission which is supervising and controlling the combined waterworks and sewerage system, or (2) the manner of and procedure for combining each such separate committee, board or commission into one committee, board or commission and transferring thereto such supervision and control as aforesaid. (1961, c. 104; 1969, c. 86.)

§ 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

State of West Virginia

Certificate

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 22C ARTICLE 2 OF THE WEST VIRGINIA CODE AND CHAPTER 22C, ARTICLE 2 OF THE 1997 CUMULATIVE 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 this

Seventeenth *day of*

June *19* **98**

Ken Hechler

Secretary of State

§ 22C-1-25. Meetings and records of authority to be kept public.

All meetings of the authority shall be open to the public and the records of the authority shall be open to public inspection at all reasonable times, except as otherwise provided in this section. All final actions of the authority shall be journalized and such journal shall also be open to the inspection of the public at all reasonable times. Any records or information relating to secret processes or secret methods of manufacture or production which may be obtained by the authority or other persons acting under authority of this article are confidential and shall not be disclosed. (1994, c. 61.)

§ 22C-1-26. Liberal construction of article.

The provisions of this article are hereby declared to be remedial and shall be liberally construed to effectuate its purposes and intents. (1994, c. 61.)

§ 22C-1-27. Authorized limit on borrowing.

The aggregate principal amount of bonds and notes issued by the authority shall not exceed two hundred million dollars outstanding at any one time: Provided, That in computing the total amount of bonds and notes which may at any one time be outstanding, the principal amount of any outstanding bonds or notes refunded or to be refunded either by application of the proceeds of the sale of any refunding bonds or notes of the authority or by exchange for any such refunding bonds or notes, shall be excluded. (1994, c. 61.)

ARTICLE 2.

WATER POLLUTION CONTROL REVOLVING FUND ACT.

Sec.
22C-2-1. Definitions.
22C-2-2. Designation of division of environmental protection as state instrumentality for purposes of capitalization agreements with the United States environmental protection agency.
22C-2-3. West Virginia water pollution control revolving fund; disbursement of fund moneys; administration of the fund.
22C-2-4. Annual audit.
22C-2-5. Collection of money due to the fund.
22C-2-6. State construction grants program established; special fund.
22C-2-7. Environmental review of funded projects.
22C-2-8. Conflicting provisions.

Editor's notes. — The Water Pollution Control Revolving Fund Act was formerly compiled in c. 20, art. 5I.

§ 22C-2-1. Definitions.

Unless the context in which used clearly requires a different meaning, as used in this article:

(a) "Authority" means the water development authority provided for in section four [§ 22C-1-4], article one of this chapter.

(b) "Cost" as applied to any project financed under the provisions of this article means the total of all costs incurred by a local government that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project including:

(1) Developmental, planning and feasibility studies, surveys, plans and specifications;

(2) Architectural, engineering, financial, legal or other special services;

(3) Acquisition of land and any buildings and improvements thereon, including the discharge of any obligations of the sellers of such land, buildings or improvements;

(4) Site preparation and development, including demolition or removal of existing structures, construction and reconstruction, labor, materials, machinery and equipment;

(5) The reasonable costs of financing incurred by the local government in the course of the development of the project, carrying charges incurred before placing the project in service, interest on funds borrowed to finance the project to a date subsequent to the estimated date the project is to be placed in service, necessary expenses incurred in connection with placing the project in service, and the funding of accounts and reserves which the authority may require; and

(6) Other items that the division of environmental protection determines to be reasonable and necessary.

(c) "Fund" means the state water pollution control revolving fund provided for in this article as it may be expanded or modified from time to time pursuant to the clean water act, as amended, the federal safe drinking water act, as amended or by the executive order of the governor issued to comply with federal laws relating thereto.

(d) "Instrumentality" means the division of environmental protection or the agency designated by an order of the governor as having the primary responsibility for administering the fund pursuant to the federal clean water act, as amended, and the federal safe drinking water act, as amended, or other federal laws.

(e) "Local government" means any county, city, town, municipal corporation, authority, district, public service district, commission or political subdivision in West Virginia.

(f) "Project" means any public water or wastewater treatment facility located or to be located in or outside this state by a local government and includes:

(1) Sewage and wastewater collection, treatment and disposal facilities;

(2) Public water transportation, treatment and distribution facilities;

(3) Drainage facilities and projects;

(4) Administrative, maintenance, storage and laboratory facilities related to the facilities delineated in subdivisions (1), (2) and (3) of this subsection;

(5) Interests in land related to the facilities delineated in subdivisions (1), (2), (3) and (4) of this subsection; and

(6) Other projects allowable under federal law. (1994, c. 61.)

§ 22C-2-2. Designation of division of environmental protection as state instrumentality for purposes of capitalization agreements with the United States environmental protection agency.

The division of environmental protection shall act as the instrumentality that is empowered to enter into capitalization agreements with the United States environmental protection agency, to accept capitalization grant awards made under the federal clean water act, as amended, the safe drinking water act, as amended, and other federal laws and to otherwise manage the fund provided for in this article in accordance with the requirements of said federal laws. (1994, c. 61.)

§ 22C-2-3. West Virginia water pollution control revolving fund; disbursement of fund moneys; administration of the fund.

(a) Under the direction of the division of environmental protection, the water development authority shall establish, administer and manage a permanent and perpetual fund, to be known as the "West Virginia Water Pollution Control Revolving Fund." The fund shall be comprised of moneys appropriated to said fund by the Legislature, moneys allocated to the state by the federal government expressly for the purposes of establishing and maintaining a state water pollution control revolving fund, all receipts from loans made from the fund to local governments, all income from the investment of moneys held in the fund, and all other sums designated for deposits to the fund from any source, public or private. Moneys in the fund shall be used solely to make loans to local governments to finance or refinance the costs of a project: Provided, That moneys in the fund shall be utilized to defray the costs incurred by the authority and the division of environmental protection in administering the provisions of this article: Provided, however, That moneys in the fund shall be used to make grants for projects to the extent allowed or authorized by federal law.

(b) The director of the division of environmental protection, in consultation with the authority, shall promulgate rules in accordance with the provisions of chapter twenty-nine-a [§ 29A-1-1 et seq.] of this code, to:

(1) Govern the disbursement of moneys from the fund; and

(2) Establish a state water pollution control revolving fund program to direct the distribution of grants or loans from the fund to particular local governments and establish the interest rates and repayment terms of such loans.

(c) In order to carry out the administration and management of the fund, the authority is authorized to employ officers, employees, agents, advisers and

consultants, including attorneys, financial advisers, engineers, other technical advisers and public accountants and, notwithstanding any provisions of this code to the contrary, to determine their duties and compensation without the approval of any other agency or instrumentality.

(d) The authority shall promulgate rules in accordance with the provisions of chapter twenty-nine-a of this code to govern the pledge of loans to secure bonds of the authority.

(e) All moneys belonging to the fund shall be kept in appropriate depositories and secured in conformance with this code. Disbursements from the fund shall be authorized for payment by the director of the authority or the director's designee. Any depository or officer of such depository to which moneys of the fund are paid shall act as trustee of such moneys and shall hold and apply them solely for the purposes for which said moneys are provided under this article. Moneys in the fund shall not be commingled with other money of the authority. If not needed for immediate use or disbursement, moneys in the fund may be invested or reinvested by the authority in obligations or securities which are considered lawful investments for public funds under this code. (1994, c. 61.)

§ 22C-2-4. Annual audit.

The authority shall cause an audit of its books and accounts to be made at least once each fiscal year by certified public accountants, and the cost thereof may be defrayed as a part of the cost of construction of a project or as an administrative expense under the provisions of subsection (a), section three [§ 22C-2-3(a)] of this article. (1994, c. 61.)

§ 22C-2-5. Collection of money due to the fund.

In order to ensure the timely payment of all sums due and owing to the fund under a revolving fund loan agreement between the state and a local government, and notwithstanding any provisions of this code to the contrary, the authority has and may, at its option, exercise the following rights and remedies in the event of any default by a local government under such a loan agreement:

(a) The authority may directly impose, in its own name and for its own benefit, service charges upon all users of a project funded by a loan distributed to a local government pursuant to this article, and may proceed directly to enforce and collect such service charges, together with all necessary costs of such enforcement and collection.

(b) The authority may exercise, in its own name or in the name of and as the agent for a particular local government, all of the rights, powers and remedies of the local government with respect to the project or which may be conferred upon the local government by statute, rule, regulation or judicial decision, including all rights and remedies with respect to users of the project funded by the loan distributed to that local government pursuant to this article.

(c) The authority may, by civil action, mandamus or other judicial or administrative proceeding, compel performance by a local government of all of

the terms and conditions of the loan agreement between the state and that local government including:

(1) The adjustment of service charges as required to repay the loan or otherwise satisfy the terms of the loan agreement;

(2) The enforcement and collection of service charges; and

(3) The enforcement by the local government of all rights and remedies conferred by statute, rule, regulation or judicial decision.

The rights and remedies enumerated in this section are in addition to rights and remedies conferred upon the authority by law or pursuant to the loan agreement. (1994, c. 61.)

§ 22C-2-6. State construction grants program established; special fund.

(a) The director of the division of environmental protection shall promulgate rules in accordance with the provisions of chapter twenty-nine-a [§ 29A-1-1 et seq.] of this code to establish a state construction grants program that is designed to complement and supplement the state water pollution control revolving fund program established pursuant to subsection (b), section three [§ 22C-2-3(b)] of this article.

(b) The special fund designated "The West Virginia Construction Grants Fund" established in the state treasury is continued. The special fund shall be comprised of moneys appropriated to said fund by the Legislature, assessments on existing wastewater treatment facilities, and all other sums designated for deposit to the special fund from any source, public or private: Provided, That such assessments shall be made and collected in accordance with fee schedules to be established by legislative rules promulgated by the director of the division of environmental protection, in accordance with chapter twenty-nine-a of this code. Moneys in the special fund shall be used solely for the state construction grants program established under subsection (a) of this section: Provided, however, That moneys in the special fund may be utilized to defray the costs incurred by the division of environmental protection in administering the provisions of this section. (1994, c. 61.)

§ 22C-2-7. Environmental review of funded projects.

(a) The division of environmental protection shall conduct an environmental review on each project funded under this article. The director of the division of environmental protection shall promulgate rules in accordance with the provisions of chapter twenty-nine-a [§ 29A-1-1 et seq.] of this code to implement the environmental review of funded projects: Provided, That said rules shall be consistent with the rules and regulations promulgated by the United States environmental protection agency pursuant to the federal clean water act, as amended.

(b) The director of the division of environmental protection is authorized to direct a local government, or its agent, to implement all measures that, in the judgment of the director, are necessary in order to mitigate or prevent adverse

impacts to the public health, safety or welfare or to the environment that may result from a project funded under this article. The director is further authorized to require all projects to comply with all other appropriate federal laws and regulations that are required of such projects under the federal clean water act, as amended. (1994, c. 61.)

§ 22C-2-8. Conflicting provisions.

The provisions of this article shall be liberally construed to the end that its beneficial purposes may be effectuated. Insofar as the provisions of this article are inconsistent with the provisions of any other general, special or local law, the provisions of this article are controlling. (1994, c. 61.)

ARTICLE 3.

SOLID WASTE MANAGEMENT BOARD.

Sec.
22C-3-1. Short title.
22C-3-2. Legislative findings; declaration of policy and responsibility; purpose and intent of article.
22C-3-3. Definitions.
22C-3-4. Solid waste management board; organization of board; appointment and qualification of board members; their term of office, compensation and expenses; director of board.
22C-3-5. Board to designate and establish disposal sheds; construction, maintenance, etc., of disposal projects; loan agreements; compliance with federal and state law.
22C-3-6. Powers, duties and responsibilities of board generally.
22C-3-7. Development of state solid waste management plan.
22C-3-8. Power of board to collect service charges and exercise other powers of governmental agencies in event of default; power to require governmental agencies to enforce their rights.
22C-3-9. Development and designation of solid waste disposal sheds by board.
22C-3-10. Board empowered to issue solid waste disposal revenue bonds, renewal notes and refunding bonds; requirements and manner of such issuance.
22C-3-11. Establishment of reserve funds, replacement and improvement funds and sinking funds; fiscal agent; purposes for use of bond proceeds; application of surplus.
Sec.
22C-3-12. Legal remedies of bondholders.
22C-3-13. Bonds and notes not debt of state, county, municipality or of any political subdivision; expenses incurred pursuant to article.
22C-3-14. Use of funds, properties, etc., by board; restrictions thereon.
22C-3-15. Audit of funds disbursed by the board and recipients thereof.
22C-3-16. Rentals, fees, service charges and other revenues from solid waste disposal projects; contracts and leases of board; cooperation of other governmental agencies; bonds of such agencies.
22C-3-17. Maintenance, operation and repair of projects; repair of damaged property; reports by board to governor and Legislature.
22C-3-18. Solid waste disposal revenue bonds lawful investments.
22C-3-19. Exemption from taxation.
22C-3-20. Governmental agencies authorized to convey property.
22C-3-21. Financial interest in contracts, projects, etc., prohibited; gratuities prohibited; penalty.
22C-3-22. Conduct of proceedings of board.
22C-3-23. Regulation of solid waste collectors and haulers to continue under public service commission; bringing about their compliance with solid waste disposal shed plan and solid waste disposal projects; giving testimony at commission hearings.
22C-3-24. Cooperation of board and enforcement agencies in collecting and disposing of abandoned house-

WEST VIRGINIA CODE

ANNOTATED

VOLUME 8A

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Place in pocket of corresponding bound volume

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CHARLOTTESVILLE, VIRGINIA
1997

§ 22C-1-27. Authorized limit on borrowing.

The aggregate principal amount of bonds and notes issued by the authority shall not exceed three hundred million dollars outstanding at any one time: Provided, That in computing the total amount of bonds and notes which may at any one time be outstanding, the principal amount of any outstanding bonds or notes refunded or to be refunded either by application of the proceeds of the sale of any refunding bonds or notes of the authority or by exchange for any refunding bonds or notes, shall be excluded. (1994, c. 61; 1995, c. 252.)

Effect of amendment of 1995. — The amendment substituted "three hundred million dollars" for "two hundred million dollars"; and deleted "such" preceding "refunding bonds."

ARTICLE 2.

WATER POLLUTION CONTROL REVOLVING FUND ACT.

Sec.
22C-2-1. Definitions.
22C-2-3. West Virginia water pollution control revolving fund: disbursement of fund moneys: administration of the fund.
22C-2-5. Collection of money due to the fund.
22C-2-7. Environmental review of funded projects.

§ 22C-2-1. Definitions.

Unless the context in which used clearly requires a different meaning, as used in this article:

(a) "Authority" means the water development authority provided for in section four [§ 22C-1-4], article one of this chapter.

(b) "Cost" as applied to any project financed under the provisions of this article means the total of all costs incurred by a local entity that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project including:

(1) Developmental, planning and feasibility studies, surveys, plans and specifications;

(2) Architectural, engineering, financial, legal or other special services;

(3) Acquisition of land and any buildings and improvements on the land or buildings, including the discharge of any obligations of the sellers of the land, buildings or improvements;

(4) Site preparation and development, including demolition or removal of existing structures, construction and reconstruction, labor, materials, machinery and equipment;

(5) The reasonable costs of financing incurred by the local entity in the course of the development of the project, carrying charges incurred before placing the project in service, interest on funds borrowed to finance the project to a date subsequent to the estimated date the project is to be placed in service, necessary expenses incurred in connection with placing the project in service, and the funding of accounts and reserves which the authority may require; and

(6) Other items that the division of environmental protection determines to be reasonable and necessary.

(c) "Fund" means the state water pollution control revolving fund provided for in this article as it may be expanded or modified from time to time pursuant to the clean water act, as amended, the federal safe drinking water act, as amended or by the executive order of the governor issued to comply with federal laws relating to the acts.

(d) "Instrumentality" means the division of environmental protection or the agency designated by an order of the governor as having the primary responsibility for administering the fund pursuant to the federal clean water act, as amended, and the federal safe drinking water act, as amended, or other federal laws.

(e) "Local entity" means any county, city, town, municipal corporation, authority, district, public service district, commission, banking institution or political subdivision in West Virginia.

(f) "Project" means any public water or wastewater treatment facility located or to be located in or outside this state by a local entity and includes:

(1) Sewage and wastewater collection, treatment and disposal facilities;

(2) Public water transportation, treatment and distribution facilities;

(3) Drainage facilities and projects;

(4) Administrative, maintenance, storage and laboratory facilities related to the facilities delineated in subdivisions (1), (2) and (3) of this subsection;

(5) Interests in land related to the facilities delineated in subdivisions (1), (2), (3) and (4) of this subsection; and

(6) Other projects allowable under federal law. (1994, c. 61; 1996, c. 257.)

Effect of amendment of 1996. — The amendment substituted "entity" for "government" throughout the section; in (b)(3), substituted "on the land or buildings" for "thereon" and "the land" for "such land"; in (c), substituted "to the acts" for "thereto"; and, in (e), inserted "banking institution" following "commission."

§ 22C-2-3. West Virginia water pollution control revolving fund; disbursement of fund moneys; administration of the fund.

(a) Under the direction of the division of environmental protection, the water development authority shall establish, administer and manage a permanent and perpetual fund, to be known as the "West Virginia Water Pollution Control Revolving Fund." The fund shall be comprised of moneys appropriated to the fund by the Legislature, moneys allocated to the state by the federal government expressly for the purposes of establishing and maintaining a state water pollution control revolving fund, all receipts from loans made from the fund to local entities, all income from the investment of moneys held in the fund, and all other sums designated for deposits to the fund from any source, public or private. Moneys in the fund shall be used solely to make loans to local entities to finance or refinance the costs of a project: Provided, That moneys in the fund shall be utilized to defray the costs incurred by the authority and the division of environmental protection in administering the provisions of this

article: Provided, however, That moneys in the fund shall be used to make grants for projects to the extent allowed or authorized by federal law.

(b) The director of the division of environmental protection, in consultation with the authority, shall promulgate legislative rules in accordance with the provisions of article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code, to:

(1) Govern the disbursement of moneys from the fund; and

(2) Establish a state water pollution control revolving fund program to direct the distribution of grants or loans from the fund to particular local entities and establish the interest rates and repayment terms of the loans.

(c) In order to carry out the administration and management of the fund, the authority is authorized to employ officers, employees, agents, advisers and consultants, including attorneys, financial advisers, engineers, other technical advisers and public accountants and, notwithstanding any provisions of this code to the contrary, to determine their duties and compensation without the approval of any other agency or instrumentality.

(d) The authority shall promulgate legislative rules in accordance with the provisions of article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to govern the pledge of loans to secure bonds of the authority.

(e) All moneys belonging to the fund shall be kept in appropriate depositories and secured in conformance with this code. Disbursements from the fund shall be authorized for payment by the director of the authority or the director's designee. Any depository or officer of the depository to which moneys of the fund are paid shall act as trustee of the moneys and shall hold and apply them solely for the purposes for which the moneys are provided under this article. Moneys in the fund shall not be commingled with other money of the authority. If not needed for immediate use or disbursement, moneys in the fund may be invested or reinvested by the authority in obligations or securities which are considered lawful investments for public funds under this code. (1994, c. 61; 1996, c. 257.)

Effect of amendment of 1996. — The amendment substituted "entities" for "governments" throughout the section; in (b) and (d), inserted "legislative" preceding "rules" and "article three" preceding "chapter twenty-nine-a"; and made stylistic changes.

§ 22C-2-5. Collection of money due to the fund.

In order to ensure the timely payment of all sums due and owing to the fund under a revolving fund loan agreement between the state and a local entity, and notwithstanding any provisions of this code to the contrary, the authority has and may, at its option, exercise the following rights and remedies in the event of any default by a local entity under a loan agreement:

(a) The authority may directly impose, in its own name and for its own benefit, service charges upon all users of a project funded by a loan distributed to a local entity pursuant to this article, and may proceed directly to enforce and collect the service charges, together with all necessary costs of the enforcement and collection.

(b) The authority may exercise, in its own name or in the name of and as the agent for a particular local entity, all of the rights, powers and remedies of the local entity with respect to the project or which may be conferred upon the local entity by statute, rule, regulation or judicial decision, including all rights and remedies with respect to users of the project funded by the loan distributed to that local entity pursuant to this article.

(c) The authority may, by civil action, mandamus or other judicial or administrative proceeding, compel performance by a local entity of all of the terms and conditions of the loan agreement between the state and that local entity including:

(1) The adjustment of service charges as required to repay the loan or otherwise satisfy the terms of the loan agreement;

(2) The enforcement and collection of service charges; and

(3) The enforcement by the local entity of all rights and remedies conferred by statute, rule, regulation or judicial decision.

The rights and remedies enumerated in this section are in addition to rights and remedies conferred upon the authority by law or pursuant to the loan agreement. (1994, c. 61; 1996, c. 257.)

Effect of amendment of 1996. — The amendment substituted "government" for "entity" throughout; and made minor stylistic changes.

§ 22C-2-7. Environmental review of funded projects.

(a) The division of environmental protection shall conduct an environmental review on each project funded under this article. The director of the division of environmental protection shall promulgate legislative rules in accordance with the provisions of article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to implement the environmental review of funded projects: Provided, That the rules shall be consistent with the regulations promulgated by the United States environmental protection agency pursuant to the federal clean water act, as amended.

(b) The director of the division of environmental protection is authorized to direct a local entity, or its agent, to implement all measures that, in the judgment of the director, are necessary in order to mitigate or prevent adverse impacts to the public health, safety or welfare or to the environment that may result from a project funded under this article. The director is further authorized to require all projects to comply with all other appropriate federal laws and regulations that are required of the projects under the federal clean water act, as amended. (1994, c. 61; 1996, c. 257.)

Effect of amendment of 1996. — The amendment, in (a), inserted "legislative" preceding "rules in accordance" and "article three" preceding "chapter twenty-nine-a," substituted "the rules" for "said rules," and deleted "rules and" preceding "regulations promulgated"; and, in (b), substituted "entity" for "government" and "the projects" for "such projects."

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, other 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 of 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. Diane

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.

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_____
Candidate

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 G. Olds

Its Mayor

Attest:

Linda K. Nixon

Recorder

First Reading June 7, 1988

Second Reading June 21, 1988

RYANT & WHITE
TTORNEYS AT LAW
WASHINGTON STREET
P. O. BOX 176
ARYS, 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
Dolores Stewart - Ward II
C.A. (Mike) Hendricks - Ward III

Mayor:	Louis F. Flade	Four Year Term 7/1/97 - 6/30/2001
City Recorder:	Linda K. Wilson	Appointed Serve at the will of Council
Councilpersons:	Larry K. Burns	Four Year Term 7/1/97 - 6/30/2001
	Paul E. Dutton	Four Year Term 7/1/95 - 6/30/99
	C. A. (Mike) Hendricks	Four Year Term 7/1/95 - 6/30/99
	Julian D. Israel	Four Year Term 7/1/97 - 6/30/2001
	R. C. (Jack) Johnson	Four Year Term 7/1/97 - 6/30/2001
	Dolores A. Stewart	Four Year Term 7/1/95 - 6/30/99

City of St. Marys

Mayor
Louis F. Flade

City Recorder
Linda K. Wilson

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City Manager
Roy G. Hearn

Chief of Police
Dallas E. Flowers

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

I, Louis F. Flade, 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 of The City of St. Marys, for a term of Four years, beginning July 1, 1997, to the best of my skill and judgment, so help me God.

Louis F. Flade

Taken, subscribed and sworn to before me this the 1st day of July, 1997.

Linda K. Wilson

City of St. Marys

Mayor
Louis F. Flade

City Recorder
Linda K. Wilson

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

City Manager
Roy G. Hearn

Chief of Police
Dallas E. Flowers

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

I, Larry 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 (3rd Ward) of The City of St. Marys, for a term of Four years, beginning July 1, 1997, to the best of my skill and judgment, so help me God.

Larry F. Burns

Taken, subscribed and sworn to before me this the 1st day of July, 1997.

Louis F. Flade

City of St. Marys

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Fax: (304) 684-2463

Mayor
Louis F. Flade

City Manager
Roy G. Hearn

City Recorder
Linda K. Wilson

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, 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 Councilperson (First Ward) of The City of St. Marys, for a term of four years, beginning July 1, 1995, to the best of my skill and judgment, so help me God.

Paul E. Dutton

Taken, subscribed and sworn to before me this the 5th day of July, 1995.

Louis F. Flade

City of St. Marys

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

Mayor
Louis F. Flade

City Manager
Roy G. Hearn

City Recorder
Linda K. Wilson

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, 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 Councilperson (Third Ward) of The City of St. Marys, for a term of four years, beginning July 1, 1995, to the best of my skill and judgment, so help me God.

C. A. (Mike) Hendricks

Taken, subscribed and sworn to before me this the 5th day of July, 1995.

Louis F. Flade

City of St. Marys

Mayor
Louis F. Flade

City Recorder
Linda K. Wilson

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

City Manager
Roy G. Hearn

Chief of Police
Dallas E. Flowers

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

I, R. C. (Jack) Johnson, 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 (2nd Ward) of The City of St. Marys, for a term of Four years, beginning July 1, 1997, to the best of my skill and judgment, so help me God.

R. C. Jack Johnson

Taken, subscribed and sworn to before me this the 1st day of July, 1997.

Louis F. Flade

City of St. Marys

Mayor
Louis F. Flade

City Recorder
Linda K. Wilson

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

City Manager
Roy G. Hearn

Chief of Police
Dallas E. Flowers

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

I, Julian D. Israel, 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 (1st Ward) of The City of St. Marys, for a term of Four years, beginning July 1, 1997, to the best of my skill and judgment, so help me God.

Julian D. Israel

Taken, subscribed and sworn to before me this the 1st day of July, 1997.

Louis F. Flade

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 Manager
Roy G. Hearn

City Recorder
Linda K. Wilson

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, Dolores Stewart, 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 (Second Ward) of The City of St. Marys, for a term of four years, beginning July 1, 95, to the best of my skill and judgment, so help me God.

Dolores Stewart

Taken, subscribed and sworn to before me this the 5th day of July, 1995.

Louis F. Flade

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

Minutes of the regular session of the Common Council of The City of St. Marys, WV, held in chambers on the 19th day of May, 1998.

Mayor Pro-tem Larry Burns called the meeting to order at 7:00 P.M.

Everyone stood for the PLEDGE OF ALLEGIANCE.

Attending the meeting were: Mayor Pro-tem Larry Burns, Cty Mgr Roy Hearn, Cty Atty Keith White, Cty Rec's Assistant Brenda Poynter, Chief of Police Dallas Flowers, Councilpersons: Gene Dutton, Jack Johnson, Mike Hendricks, Julian Israel. Also present to speak with regard to the first reading of the bond ordinance, were Phil Postlewait, CPA, and Chris Callas from Jackson and Kelly (bond counsel).

MINUTES:

Gene Dutton made a motion to dispense with the reading of the minutes of the regular session of May 5, 1998, and approve them as written. Copies of those minutes had been distributed to members of council prior to tonight's meeting.

Jack Johnson seconded.
Motion passed unanimously.

Mayor Pro-tem Larry Burns deviated from the regular agenda and recognized those who were in attendance to speak to council. Chris Callas from Jackson and Kelly was recognized first.

Chris introduced himself as the city's bond counsel on the up-coming water issue of which council is about ready to enter into the process of issuing bonds to pay for the project.

The bond ordinance is basically a contract with the party that is going to buy the bonds. In this case, that party is the Water Development Authority (WDA). The principal amount of the bonds will be $554,000.00. The total project cost is about $770,000.00. As Chris understands the finances, the County is contributing $200,000.00 towards the project and the city will be utilizing about $20,000.00 of funds that are set aside for water improvements

In the beginning, the interest rates were going to be 6 1/8% on the bonds. That interest rate is currently 5.75%. That will save the city some money on their debt service.

At this time, Chris briefly went over the contents of the bond ordinance, by reviewing the index at the beginning of the ordinance.

Article I refers to the statutory authority that council has to issue this bond. This article also sets forth definitions and findings.

Article II authorizes the project and states that it is OK to proceed.

Article III talks about what the terms of the bonds are going to be...how they are going to be executed, authenticated, and registered. It also shows what the forms of the bonds are going to be.

Article IV is reserved.

Article V explains the funds and accounts that will need to be established with a depository bank, which Chris thought would be the same bank as was used with the last bond issue. That bank was the First National Bank of St. Marys.

Article VI tells how to apply the bond proceeds once they are disbursed to the city. In this

kind of loan, the WDA will get all the money to us as soon as we close, instead of the money being forwarded to us in "piece meal".

Article VII talks about all of the covenants that the city is going to enter into with the bond holder...the things that the city promises to do to assure the buyer of the bonds that the city will have a solid and competent system and that the city is going to run it right and that we are going to maintain adequate rates in order to pay the bonds back. Most of these covenants are similar if not exactly the same as we have had in prior bond ordinances.

Article VIII deals with non-arbitrage. It is a requirement of the IRS code that we do not use tax exempt money to go out and earn what is called a spread between the tax exempt amount of interest and the interest we would make on the open market.

Article IX talks about what happens if the city does not pay the bonds back.

Chris explained that the bond ordinance uses language that says, "not to exceed". This is done so that if something happens between now and the closing of the bond, we would not have to go back and re-do the ordinance. Things such as the rate of interest in the bond states that it is not to exceed 6 1/8%. As of today, that interest rate would be 5.75%.

Chris went on to explain the time schedule for the closing of this bond. The second reading is scheduled for June 2, 1998. Then the publications will be Wednesday, June 3 and again on June 10, 1998. The public hearing will be on Tuesday, June 16, 1998. That will also be the entry into effect of this ordinance. The closing date will be on June 18, 1998.

Council is not issuing a bond by simply passing this ordinance. What has to be done after that is provided in the ordinance. Council will have to adopt a supplemental resolution that specifies exactly what the terms will be. The resolution will state the exact interest rate, will name the depository bank, and will state the exact amount that the city is borrowing.

When asked if the local banks should be given a chance to bid on the amount that will be borrowed, it was explained that we had looked at other options of financing in the beginning (including getting the money from local banks), and it was determined at that time that it would be far less expensive to issue bonds.

Chris Callas asked council to entertain a motion to read the bond ordinance by title only.

Julian Israel so moved.
Jack Johnson seconded.
Motion passed unanimously.

Chris read the ordinance by title only:

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.

When asked how much money the City was putting into this project, Phil Postlewait explained that it is $25,865.03. Phil explained that part of this project has been worked on. Well

number 6 has been drilled. We received $20,000.00 from the County for that well work. That money is sitting in an account along with the tap fees that were paid by the customers of the Mt. Carmel/Middle Island Extension. The total in that account is approximately $24,650. There is also a depreciation fund that is earmarked for improvements to our system that has over $20,000.00 in it. Those funds will cover the city's contribution to the upgrades. The amount in the project for contingencies is $30,050.00. If we do not need to spend any of that, then the amount that the City would need to contribute would be less than the estimated $25,865.03.

Another thing to remember is that we will be given the full $554,000.00 at the time of the closing. It is possible that if we invest that amount with a local bank for an agreed upon interest rate, we would be able to generate $4000 - $5000 in interest. The interest rate for the investment cannot be higher than the interest rate on the bonds.

Mike Hendricks made a motion to pass the bond ordinance on the first reading.
Jack Johnson seconded.
Motion passed unanimously.

Mayor Pro-tem Burns recognized Harold and Rosemary Sparks who were present to address council.

Rosemary stated that she had brought to council tonight, a petition to extend the Mt. Carmel Ridge water project.

Cty Mgr explained that he thought that the petition should be presented to the County Commission, also. There was nothing that could be done by the City, tonight.

Under NEW BUSINESS, Mike Hendricks made a motion to approve the parade permit request by the Alumni Association. The parade would be on May 23, 1998, at 11:00 a.m.

Gene Dutton seconded the motion.
Motion passed unanimously.

Mayor Pro-tem Burns returned to the regular order of the agenda.

CORRESPONDENCE:

Letter from:

1. Pleasants County Board of Education re: Contribution to Safety Town.

Brenda Poynter stated that we have given $50.00 to them in the past. There is money in Coal Severance to do so again.

Julian Israel made a motion to give Safety Town $50.00, same as last year.
Gene Dutton seconded.
Motion passed unanimously.

OLD BUSINESS:

City Manager's Report

* PRT Right of Way - Cty Atty explained that he had the agreement. There are a few more changes to be made. He would make them and give the agreement back to Cty Mgr for signatures.

* Status of marina upgrades. Cty Mgr reported that we only received one bid for the contract on the marina shelter upgrades. The bid was for $9763.45. It was from R B Contracting. Cty Mgr asked council to accept the bid.

Jack Johnson made a motion to accept the bid from R B Contracting for $9763.45 for the repairs to the existing shelters and for the construction of a new picnic shelter at the marina.

Mike Hendricks seconded the motion.
Motion passed unanimously.

Regarding the electric upgrades at the marina, Cty Mgr stated that the contract calls for the installation of 9 electric poles for $37,844.35. We got a total of 12 poles for the project. To set the additional 3 poles would cost $5171.00. Cty Mgr asked council to approve the installation of the additional 3 poles. With this change, the total cost of the upgrades will be $52,778.80. Our grant was for $56,000.00.

Cty Mgr was not sure about the guidelines for using the remainder of the grant. Perhaps electric boxes could be put down by the creek for the boaters.

Julian Israel made a motion to set the additional poles.
Jack Johnson seconded.
Motion passed unanimously.

* Cty Mgr asked how council felt about obtaining some of the prisoners for work in mowing, painting, etc. We would be required to pay $1.50 per hour for each prisoner that we used. Security is provided by the prison.

Several council members expressed a desire to use prison labor.

Mike Hendricks made a motion to have a city clean-up in June. The first ward would be in the first week of June, the second ward would be in the third week, and the third ward would be in the forth week. Each ward would only have one day for the clean up. Mike recommended the dates of June 1, June 15, and June 22, 1998.

Brenda Poynter explained to council that the garbage department was currently running in the red. The dumpster payments and the garbage truck payments are putting a strain on the garbage department. The monthly report shows the garbage department to the good by $3482.66, but the payments for the dumpsters and the new truck are not included in that figure.

Gene Dutton seconded the motion for the clean-up.
Motion passed unanimously.

* Cty Mgr explained that he was short handed. Dave Taylor will be off for another two weeks. Gary Wolfe has gout and only makes it out about three days a week.

Chief of Police Report

Chief Flowers reported that the merigolds have been planted in the median on the four-lane.

Also, he reported that he had received a second-hand complaint that the handi-cap space on Second Street across from Food Giant was being used by a Mr. Wells and now he cannot park there because the city removed that handi-cap space.

Cty Mgr explained that council voted recently to have that space removed and that has been done.

Julian Israel asked if tires were being marked. Chief Flowers explained that the police department has been short handed. Day shifts have been left uncovered. Jim McFarland still has not returned to work. Currently, an officer does not come out until noon. The officer could begin marking tires from noon.

City Attorney's Report

* Cty Atty reported that he had the revision done on the code regarding the dog head tax. He wanted the Cty Rec to look it over before bringing it to council.

* Cty Atty explained that the St. Marys United Methodist Church would like to obtain permission to cut the curb at their new parking lot. They bought the lot at the corner of Washington and Riverside Drive. The entrance would be from Washington Street.

Jack Johnson made a motion to grant the request.
Mike Hendricks seconded.
Motion passed unanimously.

* Cty Atty stated that perhaps by next council meeting we should have heard something from Mr. Wolfe regarding the sewer assessments for the Chestnut Oaks addition.

Committee Reports

* Mike Hendricks reported that bids have been received for the replacement of the kitchen cabinets in the marina building. The bids were: $7200.00, $6300.00, and $3666.93. The committee recommends that the bid for $3666.93 be approved. It was from Mack Morrell.

Cty Mgr explained that the cabinets will be installed in a fashion that will make them easy to unbolt and remove in the event that we are expecting high water in the building.

Jack Johnson made a motion to accept the low bid for $3666.93.
Gene Dutton seconded.
Motion passed unanimously.

Mayor's Report

In the Mayor's absence, there was nothing to report.

NEW BUSINESS:

Approval of Bills

Mike Hendricks made a motion to approve the bills for payment.
Gene Dutton seconded.
Motion passed unanimously.

Julian Israel motioned to adjourn at 7:54 P.M.

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.

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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

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 F. Flade
Mayor

ATTEST:

Linda K. Nilson
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 K. 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

Minutes of the regular session of the Common Council of The City of St. Marys, WV, held in chambers on the 2nd day of June, 1998.

Mayor Louis F. 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 Mgr Roy Hearn, Cty Atty Keith White, Cty Rec Linda Wilson, Chief of Police Dallas Flowers, Councilpersons: Jack Johnson, Larry Burns, Julian Israel, Dolores Stewart, and Mike Hendricks. Also present for the second reading of the bond ordinance, was Chris Callas from Jackson and Kelly (Bond Counsel).

MINUTES:

Jack Johnson made a motion to dispense with the reading of the minutes of the regular session of May 19, 1998, and approve them as written. Copies of those minutes had been distributed to members of council prior to tonight's meeting.

Larry Burns seconded.
Motion passed unanimously.

Mayor Flade deviated from the regular agenda and recognized those who were in attendance to speak to council.

Mayor Flade recognized Chris Callas from Jackson and Kelly.

Chris explained that this is the second reading of the ordinance that we started on the 19th of May. There were several questions then, and Chris stated that he would be happy to answer any other questions that council may have. Chris asked for a motion from council to read the ordinance by title only.

Larry Burns made a motion to read the ordinance by title only.
Jack Johnson seconded.
Motion passed unanimously.

Chris Callas read by title only:

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.

Jack Johnson made a motion to approve the ordinance upon second reading.
Larry Burns seconded.
Motion passed unanimously.

Chris explained that the statute requires that this be published two times. Also, the public hearing will be held on June 16, 1998. A supplemental resolution will be passed at that time. The closing on the bonds will be on June 18, 1998.

CORRESPONDENCE:

Letters from:

* Cub Scout Pack 81 re: organizing a Soap Box derby for the scouts to be held on Saturday, July 11 (with a raindate of the following Saturday, July 18). The derby would be held in the area of Sixth Street between Pike Street and Sycamore Street. The Scouts are requesting that during the hours of 12 Noon and 3 p.m. on Saturday, July 11 (or July 18), the street be closed to traffic in order for the scouts to hold this event.

After some discussion regarding the impact to the residents in that area, it was decided that Chief Flowers should contact those residents and determine what the residents felt about the derby.

Pending the notification of the residents in that area, Dolores Stewart made motion to close traffic as per the request.

Jack Johnson seconded.
Motion passed unanimously.

* Capital Insurance Managers re: Drug Card renewal - Cty Rec explained that the premium proposed is a 12.9965% increase over our current rates. The budget has a 15% increase built into it. This proposal is under budget. We currently have $6 and $10 co-pay. We could increase the co-pays to $8 and $15. That would reduce the renewal rate by 9%.

Cty Rec explained that this coverage increases somewhat every year. We have always allowed a 15% increase in the budget. It does not always increase this much. In the past, council has chosen to increase the co-pays to the employees. On those years, the increases were minimal and sometimes the renewal rates were reduced.

Jack Johnson made a motion to postpone the decision until the next council meeting.
Larry Burns seconded.

Mike Hendricks pointed out that the letter asks the City to advise of their decision by June 15, 1998.

Cty Rec explained that she would call the company and ask if it would be OK to advise them of our decision by June 17, 1998.

Cty Rec explained that she received the proposal on May 22, 1998. Tonight is the first council meeting since its receipt. Cty Rec stated that she would call the City's agent and see if there are any other stand-alone drug cards available, and if there are, what the costs would be.

The vote was called for on the motion to postpone the decision until next council meeting.

Dolores Stewart and Mike Hendricks voted against the motion.
Motion passed.

* S & S Engineers re: Final payment on Wastewater Design. Cty Rec explained that this is the final payment on the $120,000.00 cost of the design of the wastewater improvements. This is the loan from the WDA that we borrowed back in November of 1996. Once council approves the final bill for payment, Cty Rec will submit the invoice to the WDA for payment. The WDA will send us the $24,000.00 and then we will write a check to S & S Engineers.

Jack Johnson made a motion to approve the invoice from S & S Engineers for $24,000.00 for the wastewater design.

Larry Burns seconded.
Motion passed unanimously.

OLD BUSINESS:

City Manager's Report

* PRT Right of Way - Cty Mgr stated that the last he heard, everything was OK. He would know for sure after the 9th, when they have their meeting.

* Marina upgrades - The light poles should be set Thursday. The shelters are under construc tion.

Cty Mgr reported that prisoners from the correction facility are scheduled to arrive on Monday to help clean up the marina area.

There are a lot of odd jobs the prisoners could be used for, i.e. painting curbs, cutting brush, etc.

Dolores Stewart suggested that the benches for the marina should be installed mostly around the marina building. Anywhere else, they will be stolen or thrown in the creek.

Chief of Police Report

Chief Flowers submitted a written report for the month of May.

Chief Flowers reported that Officer Jim McFarland would return to work on June 8, 1998.

Mike Hendricks reported that a lady had talked to him about receiving a parking ticket while parked across from the Library . That is not a two-hour parking zone.

Chief Flowers asked that she bring the ticket in to him, and he would void it.

There was also discussion regarding the B & O lot. Parking meters are still there, but that lot is not included in the two hour parking zone.

There was discussion regarding a parade during the Bass Festival. Chief Flowers stated that no one from the Bass Festival Committee had contacted him with regard to a parade or anything else. Chief Flowers stated that it takes a while to organize everything for a parade. He thought that the Festival Committee should keep in closer touch with the City.

Mike Hendricks suggested that the Mayor get in touch with the Bass Festival Committee and find out what is going on.

City Recorder's Report

* Cty Rec reported that the committee for the 1999 Celebration is going to meet this Friday, June 5, 1998, at noon at City Hall.

* Cty Rec reported that there is going to be a town meeting this Friday evening at 6:30 p.m. The purpose of the meeting will be to discuss the problems that we are having in our schools and with our youth, today. It is a public forum and Heman Dillon is the one that came into City Hall and told us about it. He is asking council to donate the use of the marina building for the meeting.

It was brought up that there have been other public meetings held at the marina, and we charged a fee for the use of the building for those meetings.

Dolores Stewart made a motion to donate the cost of the marina for the meeting.

Jack Johnson was worried about setting a precedence for not charging for public meetings.

Mayor Flade suggested that he would contribute $10.00 towards the fee. We should be able to find four other people to donate $10.00 each.

Mike Hendricks seconded Dolores Stewart's motion.

Dolores Stewart voted for the motion.
Motion failed.

* Cty Rec explained that a couple of meetings back, the contribution to the senior citizens was discussed. It was voted that we not make that contribution this year until some issues were resolved. Cty Rec just wanted council to know that the contribution had already been made. $2000.00 was given in July of 1997, and $1000.00 was given in October of 1997.

Councilman Burns had to leave the meeting. The time was 7:45 P.M.

* Cty Rec reported to council that the auditor was in last week. One thing that was discussed was the loans for the garbage truck and the dumpsters. He explained that before June 30, 1998 the City needs to convert the loans to lease-purchase agreements. If we do not, then next year when we have the State Tax Department do our audit, we are going to be written up for not having a lease-purchase agreement.

Cty Atty stated that he would take care of it.

Cty Rec explained that once we were written up for non-compliance, the State Tax Department could write a letter to the prosecuting attorney and he would be asked to take care of the situation.

* Cty Rec just wanted to double check with council on having our audit done by the State Tax Department for year ending 6/30/98. Currently, the city pays $1850.00 to have our audit performed. If the State Tax Department does the audit, they can charge up to $2000.00 for our audit and they probably will. They are also permitted to charge another $1000.00 for our water and sewer fund, and they probably will.

When we decided to have them do this audit, it was pending the timeliness of the audit and the costs. There does not seem to be a problem with the timeliness, but it appears that it is going to cost more.

Jack Johnson made a motion to have Howard Cloke do our audit for fiscal year ending 6/30/98.
Mike Hendricks seconded.
Motion passed unanimously.

* On June 13, 1998, the Elks want to use the Memorial Park beside the City Building for a Flag Day Ceremony. The ceremony will be at 7:00 P.M.

Mike Hendricks so moved.
Jack Johnson seconded.
Motion passed unanimously.

City Attorney's Report

* Cty Atty reported that he thought that the issue with the unemployment with Bob Jewell has just about been resolved. He hoped to report on that at the next meeting. We will have to pay something, but it should be less than what they are billing.

* Cty Atty should have something regarding the sales tax paid to SAM'S CLUB, by next meeting.

* Cty Atty needed to talk to Cty Rec regarding the B & O taxes, and he thought that we should have that resolved pretty quickly.

* The application for Convenience and Necessity does not require anything from Cty Atty. It could be left on his agenda, but there is nothing for him to do.

* The agreement on the rescue Squad is ready and Cty Atty will take it to Tim Sweeney.

* Head Tax on dogs - Cty Atty said that the ordinance is ready but his secretary is on vacation, and he did not know where it was.

* Donald Street Assessments - Cty Atty reported that we have collected over $15,000.00 from the property owners, so far. He was anticipating a few others would pay the entire assessment. Cty Atty would like to get a motion from council to authorize the payment of everything that has been collected to date. That payment would go to the First National Bank. The note needs to be renewed for another 30 days. By then, we should know who all is going to pay their entire assessment, and who will need certificates issued.

Mike Hendricks so moved.
Dolores Stewart seconded.
Motion passed unanimously.

* CSX/Bridge repairs on Bridge Street. Cty Atty would contact them, again.

Committee Reports

There was nothing new to report.

Mayor's Report

* Court Lane- Carr Concrete is working on a plan to develop a culvert the size we need.

* Grant for Water taps - Mayor Flade reported that he talked to Otis Leggett today. They are working on it, but he also suggested that if we could not get the entire $206,000 this year, perhaps we could take a smaller amount this year and ask for more next year.

* Mayor Flade reported that John Carr and Otis Leggett, himself, and residents of Stadium Drive met today to discuss their drainage problems. It was decided that the residents should form a committee. The name of the committee is The Stadium Drive Citizens for Storm Drain Improvement. The committee will meet in a couple of weeks and see if they can resolve the matter.

* Mayor Flade reported that the Mayor's Dinner will be on June 10, 1998, at the Wells Inn at Sistersville. The time will be 6:00 P.M.

NEW BUSINESS:

Budget Revision #4 - General Fund

Cty Rec explained that this is the final budget revision for this fiscal year. The revision

addresses shortfalls in our current budget and surpluses in which to cover them. It is not an increase nor a decrease to the current budget.

Dolores Stewart made a motion to approve the budget revision.
Jack Johnson seconded.
Motion passed unanimously.

Approval of Bills

Jack Johnson made a motion to approve the bills for payment.
Mike Hendricks seconded.
Motion passed unanimously.

Dolores Stewart motioned to adjourn at 8:08 P.M.
Julian Israel seconded.

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

CITY OF ST.MARYS, WEST VIRGINIA
NOTICE OF PUBLIC HEARING AND ABSTRACT
OF BOND ORDINANCE

has been published in said paper two consecutive weeks

Beginning June 3, 19 98 , and

ending June 10, 19 98

Printer's Fee $ 84.89

James E. McGoldrick

Subscribed and sworn to before me, this 16TH day of June 19 98

Randa Dare Gregg
Notary Public

My Commission expires Aug 7 , 19 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

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 June 2, 1998, the Council of the City of St. Marys, West Virginia (the "City") adopted an ordinance which:

1. Authorized the acquisition and construction certain additions, 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.

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8. Established the terms for defaults and the remedies of the Bond holders.

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 Tuesday, June 16, 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 June 2, 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.

Linda K. Wilson
City Recorder–City of St. Marys,
West Virginia

6-3, 10-O; 6-8, 13-L

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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

CITY OF ST. MARYS, WEST VIRGINIA
NOTICE OF PUBLIC HEARING AND ABSTRACT OF
BOND ORDINANCE

has been published in said paper two consecutive weeks

Beginning June 6, 1998 , and

ending June 13, 1998

Printer's Fee $ 84.89

James E. McGoldrick

Subscribed and sworn to before me, this 10TH 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

CITY OF ST. MARYS, WEST VIRGINIA
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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.

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8. Established the terms for defaults and the remedies of the Bond holders.

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 Tuesday, June 16, 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 June 2, 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.

Linda K. Wilson
City Recorder--City of St. Marys,
West Virginia

6-3, 10-Q; 6-6, 13-L

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS, SERIES 1998 A

EXCERPT OF MINUTES ON
ADOPTION OF BOND RESOLUTION

I, Linda Wilson, Recorder for the City of St. Marys (the "City"), hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said City:

The City met in regular session, pursuant to notice duly given, published and posted, copies of which are attached hereto and incorporated herein, on the 18th day of June, 1998, at 418 Second Street, St. Marys, West Virginia, at 7:00 p.m., prevailing time.

Present: Louis Flade, Mayor
Linda Wilson, Recorder;
Council Member Larry K. Burns;
Council Member Paul E. Dutton;
Council Member C. A. (Mike) Hendricks;
Council Member R.C. (Jack) Johnson;
Council Member Julian D. Israel;
Council Member Dolores A. Stewart;

Also present were Christopher L. Callas, Esq. of Jackson & Kelly, Bond Counsel and Keith White, Esq., Counsel to the Issuer.

Louis Flade, Mayor, presided and Linda Wilson served as Recorder.

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

In accordance with the Bond Ordinance enacted by the Council of the City on June 2, 1998 (the "Ordinance") and the abstract and notice duly published, the Council held a public hearing for the purpose of hearing protests and suggestions concerning the Ordinance. The Council heard all such protests and suggestions. No significant reasons were presented that would 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. It was thereupon declared that the Ordinance was effective.

Mr. Callas then presented a Supplemental Resolution in writing entitled:

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.

Thereupon, on motion of Council Member Dolores A. Stewart, seconded by Council Member R.C. Johnson, it was unanimously ordered that said Supplemental Resolution shall be adopted on and from the date hereof.

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Left Blank]

I hereby certify that the foregoing action of said City remains in full force and effect and has not been amended or appealed.

WITNESS my signature on this 18th day of June, 1998.

[SEAL]

Linda Wilson, Recorder

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 P. Blade
Mayor

[SEAL]

Linda K. Wilson
Recorder

CHASFS3:123219

WDA-5
(May 1993)

LOAN AGREEMENT

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

City of St. Marys
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing 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 proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development 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," "water development revenue bond," "cost," governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto.

1.3 "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.

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

1.5 "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 with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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* Now administered by the West Virginia Division of Environmental Protection.

Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of 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 is approved by the Authority.

2.4 The Governmental Agency agrees that the Authority and its 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 its duly authorized agents and representatives shall, prior to, at 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 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, acting by and through its Director or his 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 such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the 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 its 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.

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

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

2.10 The Governmental Agency 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 Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained 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 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 construction of the Project and for two years following the completion 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.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, 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 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 financing of construction, 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 shall have received a certificate of the Consulting

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

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

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

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

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

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

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

accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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 established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least 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") 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 will 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 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; 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 any Local Bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal 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, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

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

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

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

Authority, 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 shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement;

(xvi) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, 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 Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the Authority's water development revenue bonds;

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, 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, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

(xix) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, 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; and

(xx) 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 Code) from time to time as the Authority may request.

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

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

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

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

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

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

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.9 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

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, as set forth in

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority 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 shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority 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 this Loan Agreement.

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 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.

6.6 Notwithstanding Section 6.5, 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.

6.7 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it 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 otherwise related to the Project or the System.

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 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 if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority pursuant to Section 6.3 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.

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.

City of St. Marys
[Proper Name of Governmental Agency]

(SEAL)

By: Louis T Hale

Its: Mayor

Attest:
Linda K. Wilson

Date: June 18, 1998

Its: Recorder

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B Yonkosky
Director

Attest:
Barbara B Meadows
Secretary-Treasurer

Date: June 18, 1998

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

1. The Bonds are being issued for the purpose of ____ _____ _____ (the "Project").

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

simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this ____ day of _____, 19__.

_____

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

Year	Installment	Interest Rate

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

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

amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that 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 cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and presently existing _____ _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. 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 are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

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 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]

Fiscal Year - ____

Report Month: _____

ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this ____ day of _____, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

ABB0017F

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $ 554,000.00

Purchase Price of Local Bonds $ 554,000.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.75 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to source of and security for payment with the following obligations: Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996A, and Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B.

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

West Virginia Water Development Authority
City of St. Marys
Closing June 18, 1998
Total Amount Borrowed: $554,000
DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/1998	-	-	9,114.07	9,114.07
4/01/1999	-	-	15,927.50	15,927.50
10/01/1999	16,000.00	5.750%	15,927.50	31,927.50
4/01/2000	-	-	15,467.50	15,467.50
10/01/2000	16,000.00	5.750%	15,467.50	31,467.50
4/01/2001	-	-	15,007.50	15,007.50
10/01/2001	17,000.00	5.750%	15,007.50	32,007.50
4/01/2002	-	-	14,518.75	14,518.75
10/01/2002	18,000.00	5.750%	14,518.75	32,518.75
4/01/2003	-	-	14,001.25	14,001.25
10/01/2003	19,000.00	5.750%	14,001.25	33,001.25
4/01/2004	-	-	13,455.00	13,455.00
10/01/2004	20,000.00	5.750%	13,455.00	33,455.00
4/01/2005	-	-	12,880.00	12,880.00
10/01/2005	22,000.00	5.750%	12,880.00	34,880.00
4/01/2006	-	-	12,247.50	12,247.50
10/01/2006	23,000.00	5.750%	12,247.50	35,247.50
4/01/2007	-	-	11,586.25	11,586.25
10/01/2007	24,000.00	5.750%	11,586.25	35,586.25
4/01/2008	-	-	10,896.25	10,896.25
10/01/2008	26,000.00	5.750%	10,896.25	36,896.25
4/01/2009	-	-	10,148.75	10,148.75
10/01/2009	27,000.00	5.750%	10,148.75	37,148.75
4/01/2010	-	-	9,372.50	9,372.50
10/01/2010	29,000.00	5.750%	9,372.50	38,372.50
4/01/2011	-	-	8,538.75	8,538.75
10/01/2011	30,000.00	5.750%	8,538.75	38,538.75
4/01/2012	-	-	7,676.25	7,676.25
10/01/2012	32,000.00	5.750%	7,676.25	39,676.25
4/01/2013	-	-	6,756.25	6,756.25
10/01/2013	34,000.00	5.750%	6,756.25	40,756.25
4/01/2014	-	-	5,778.75	5,778.75
10/01/2014	36,000.00	5.750%	5,778.75	41,778.75
4/01/2015	-	-	4,743.75	4,743.75
10/01/2015	38,000.00	5.750%	4,743.75	42,743.75
4/01/2016	-	-	3,651.25	3,651.25
10/01/2016	40,000.00	5.750%	3,651.25	43,651.25
4/01/2017	-	-	2,501.25	2,501.25
10/01/2017	42,000.00	5.750%	2,501.25	44,501.25
4/01/2018	-	-	1,293.75	1,293.75
10/01/2018	45,000.00	5.750%	1,293.75	46,293.75
TOTAL	554,000.00	-	402,011.57	956,011.57

SCHEDULE Y
REVENUES

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 8, Article 20, of the Code of West Virginia, 1931, as amended.

2. "System" means the combined waterworks and sewerage system owned by the Governmental Agency and determined by ordinance to be operated in combination, the waterworks system of which is 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, and the sewerage system of which is construed to mean and include any or all of a sewage treatment plant or plants, collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all 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 waste, and any additions, betterments or improvements to either the waterworks or sewerage system of said System, or both, hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Bureau of Public Health.

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

> That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of

charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

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

4. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

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

(a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or $100,000;

(b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;

(c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

(d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

Entered: March 3, 1998

3-23-98

CASE NO. 97-1000-W-CN

CITY OF ST. MARYS
Application for a certificate of convenience and necessity to construct a new 1000 gpm water treatment plant and related appurtenances.

RECOMMENDED DECISION

On August 6, 1997, the City of St. Marys (City or Applicant) filed an application for a certificate of convenience and necessity to construct a new 1,000 gpm water treatment plant and related appurtenances. The City estimates that the project will cost approximately $754,00 and will be financed by a $554,000 loan from WDA and a $200,000 grant from the Pleasant County Commission. The City also proposed an increase in its rates and charges.

By Order issued August 7, 1997, the City was directed to give notice of the filing of its application, pursuant to West Virginia Code §24-2-11, by publishing a copy of the August 7, 1997 Order, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Pleasants County. The Order further provided that anyone desiring to make objection to the application must do so within thirty (30) days of the publication of the notice to P.O. Box 812, Charleston, West Virginia, 25323.

On August 20, 1997, the Commission Staff filed its Initial Joint Staff Memorandum opining that the City does not have a properly enacted water rate ordinance and, therefore, had not complied with West Virginia Code §§8-11-4 and 8-13-13. Staff recommended that this matter be referred to the Division of Administrative Law Judges.

By Order entered September 2, 1997, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before March 3, 1998.

On September 18, 1997, the Commission received an affidavit of publication indicating that the Notice of Filing was published in The St. Mary's Oracle, a newspaper of general circulation, in Pleasants County, on September 17, 1997. The notice provided that any person desiring to object to the application must do so, in writing, within thirty (30) days after

the publication of the notice. No protests were received to the application.

On October 21, 1997, the Commission Staff filed a Further Joint Staff Memorandum indicating that Janelle Burwell, Grants Coordinator of the Mid-Ohio Valley Regional Planning Development Council, had informed Staff that the City was in the process of readopting its water rate ordinance. Staff indicated that, once it received additional information, it would continue its review of the City's application.

By Order issued December 15, 1997, this matter was set for hearing to be held on January 7, 1998. The Order further provided that any settlement be filed no later than January 5, 1998.

On January 5, 1998, the Applicant requested a continuance of the hearing and an extension of the Administrative Law Judge's decision due date. By Procedural Order issued the same day, the hearing scheduled to be held on January 7, 1998, was cancelled and rescheduled to be held on February 11, 1998.

On January 6, 1998, the Commission entered an Order extending the Administrative Law Judge's due date until April 10, 198.

On January 9, 1998, the Applicant advised that it had adopted a new rate ordinance for the City. The Applicant also filed supporting documents regarding the ordinance for Staff's review.

On February 5, 1998, Staff filed a Motion requesting that the February 11, 1998 hearing be continued. Staff advised that it needed additional time to complete its final recommendation. Staff contacted the City's attorney and both parties agreed to reschedule the hearing for February 24, 1998.

By Order issued February 9, 1998, the hearing scheduled to be held on February 11, 1998, was cancelled and rescheduled to be held on February 24, 1998, in the Council Chambers, City Hall, 418 Second Street, St. Marys, West Virginia, at 1:00 p.m.

On February 19, 1998, Staff filed a Final Joint Staff Memorandum recommending approval of the application without a hearing. Staff advised that the City adopted a rate ordinance on January 6, 1998. Staff found no problems with the City's new rate ordinance. No protests were filed to the ordinance and the effective date of the new rates is to be on or after February 20, 1998. Staff believes the three tier phase-in rate design is sufficient to support this project. Costs for the project are estimated to be approximately $754,000. Financing for the project is a $554,000 loan from WDA, at an interest rate not to exceed 6.125% for a period not to exceed twenty years, and a $200,000 grant from the Pleasant County Commission. Interim financing for the project is not necessary because proceeds from WDA will be available at the loan closing. Staff advised that the City's current water system has deficiencies in water quality and quantity. Three existing wells will not provide an adequate supply to accommodate the City's existing customers and the resale customers. Staff believes the applicant has demonstrated adequate need for the project. It found no conflict with the Commission's Water Rules and Regulations. The project has been approved by the Division of Environmental Health Services as evidenced by Permit No.

12,603. Staff believes the costs are reasonable for the scope and nature of the project.

On February 23, 1998, the Applicant filed a motion to cancel the hearing scheduled to be held on February 24, 1998. The Applicant advised that it had reviewed Staff's recommendation and did not wish to object or amend the recommendation. A Procedural Order was issued cancelling the February 24, 1998 hearing.

FINDINGS OF FACT

1. On August 6, 1997, the City of St. Marys filed an application for a certificate of convenience and necessity to construct a new 1,000 gpm water treatment plant and related appurtenances. (See, application).

2. The estimated cost of the project is $754,000.00. (See, Final Joint Staff Memorandum received February 19, 1998).

3. Financing for the project includes a grant from the Pleasants County Commission in the amount of $200,000 and a loan from the West Virginia Development Authority in the amount of $554,000 for a period not to exceed twenty (20) years at an interest rate not to exceed 6.125%. (See, Final Joint Staff Memorandum received February 19, 1998).

4. The City passed a municipal ordinance, adopted January 6, 1998, following a public hearing, adopting sufficient rates for the project, which are to go into effect in three stages. (See, Final Joint Staff Memorandum received February 19, 1998).

5. Notice of filing of the application was published on August 20, 1997, in The St. Mary's Oracle, a newspaper of general circulation, in Pleasants County, on September 17, 1997, pursuant to West Virginia Code §24-2-11, with no protests being received to the application during the thirty-day protest period. (See, affidavit of publication received September 18, 1997; case file generally).

6. The project's plans and specifications have been approved by the West Virginia Division of Environmental Protection as evidenced by Permit No. 12,603. (See, Final Joint Staff Memorandum received February 19, 1998).

7. The project is necessary because the City's current water system has deficiencies in water quality and quantity. Its three existing wells are not providing an adequate supply to accommodate the City's existing and resale customers. (See, Final Joint Staff Memorandum received February 19, 1998).

8. Staff recommended that the project be approved, as submitted. (See, Final Joint Staff Memorandum received February 19, 1998).

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 a new 1,000 gpm water treatment plant and related appurtenances.

2. The proposed project is adequately financed and economically feasible.

3. The rates passed by the City in its January 6, 1998 Rate Ordinance are sufficient to support the project.

4. It is reasonable to approve the financing of the project, a grant from the Pleasants County Commission in the amount of $200,000 and a loan from the West Virginia Development Authority in the amount of $554,000 for a period not to exceed twenty (20) years at an interest rate not to exceed 6.125%.

ORDER

IT IS, THEREFORE, ORDERED that the application, filed by the City of St. Marys, for a certificate of convenience and necessity to construct a new 1,000 gpm water treatment plant and related appurtenances, be, and hereby is, approved.

IT IS FURTHER ORDERED that the financing of the project, being a grant from the Pleasants County Commission in the amount of $200,000 and a loan from the West Virginia Development Authority in the amount of $554,000 for a period not to exceed twenty (20) years at an interest rate not to exceed 6.125%, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if there is a change in the cost, scope, terms and conditions or financing of this project, the City notify the Commission immediately and obtain Commission approval of said change, prior to commencing construction.

IT IS FURTHER ORDERED that the City file a revised tariff with the Commission within ten (10) days of the implementation of the rates passed in the January 6, 1998 rate ordinance.

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 wavier by the Commission.

Susan A. Murensky
Administrative Law Judge

SAM/s

State of West Virginia
WATER DEVELOPMENT AUTHORITY

1201 Dunbar Avenue
Dunbar WV 25064-3017

Telephone (304) 558-3612
Telecopier (304) 558-0299

July 21, 1997

The Honorable Louis F. Flade
Mayor, City of St. Marys
418 Second Street
St. Marys WV 26170

CITY OF ST. MARYS (WATER PROJECT) - WDA LOAN

Proceeds of revenue bonds issued from time to time by the West Virginia Water Development Authority (the "WDA") are used to provide loans to municipalities and public service districts to assist in financing construction of water and wastewater treatment facilities.

The availability of proceeds and the interest rate and other terms of such loans depend on the WDA's respective water development revenue bond issues (e.g., until they are expended, proceeds from the WDA's most recent bond issue are being lent for a term of 40 years at an interest rate of 6.25 percent). The loans are payable from and secured by a first lien on the revenues of the system.

It is understood that the City of St. Marys (the "City") wishes to participate in the WDA's revenue bond program and will seek a loan of $554,000 to finance this project. It is also understood that a WDA loan was the source of financing recommended by the West Virginia Infrastructure and Jobs Development Council.

The WDA will agree to lend the City the amount requested, subject to the City's satisfaction of all conditions precedent set forth in the Loan Agreement between the WDA and the City.

Daniel B. Yonkosky

DANIEL B. YONKOSKY - DIRECTOR

db

c Samme Gee, Esq., Jackson & Kelly
Public Service Commission

RESOLUTION

WHEREAS, the City of St. Marys is undertaking the water improvements project; and,

WHEREAS, the Pleasants County Commission has funding available to aid the City with this project;

NOW THEREFORE BE IT RESOLVED THAT the Pleasants County Commission is committing $200,000 in county funding to this project.

ADOPTED THIS 21ST DAY OF JUNE, 1995

Billy L. Elder, President

ATTEST:

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

CERTIFICATE OF:

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

We, the undersigned MAYOR and the undersigned RECORDER of The City of St. Marys, West Virginia (herein called the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the single, fully registered The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, numbered R-1, dated the date hereof, in the principal amount of $554,000 and bearing interest at the rate of five and seventy-five hundredths percent (5.75%) per annum (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance duly passed by the Council (the "Council") of the Issuer on June 2, 1998, and the Supplemental Resolution adopted June 16, 1998, relating to the Bonds (collectively, the "Ordinance"), and the Loan Agreement (the "Loan Agreement") entered into between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated June 18, 1998, for the Bonds.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds; nor questioning the proceedings and authority by which the Council of the Issuer authorized the issuance and sale of 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 of the Council thereof to their respective offices; nor questioning the design of certain extensions, improvements or betterments to the existing waterworks portion of the combined waterworks and sewerage system of the Issuer financed in part by the proceeds of sale of the Bonds (herein called the "Project"), nor operation by the Issuer of the Project (the Project and any further extensions, additions, improvements or betterments thereto, herein collectively called the "System"), nor challenging the collection or use of the revenues of the System or the pledge of the revenues to the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for the construction and acquisition of the Project, operation of the System, and issuance of the Bonds have been or will be duly and timely obtained and remain in full force and effect, and competitive bids for construction of the Project will be solicited in accordance with Chapter 5, Article 22, Section 1, of the Code of West Virginia, 1931, as amended.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since June 18, 1998.

The Bonds are being issued for the purpose of acquisition and construction of certain extensions, improvements or betterments to the existing waterworks portion of the combined waterworks and sewerage system of the Issuer. The Bonds will be on a parity as to liens, pledge and source of and security for payment on the Net Revenues of the System with the Issuer's Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A and the Issuer's Combined Waterworks Sewerage System Revenue Bonds, Series 1996 B, issued in the aggregate principal amounts of $49,000 and $128,000, respectively (collectively, the "Prior Bonds").

5. SIGNATURES: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and serving officers of the Issuer as indicated by the official titles opposite their signatures below, and were 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.

6. RATES: The current rates were enacted by ordinance adopted January 6, 1998, and the Issuer has complied with all requirements of the Public Service Commission to make the rates valid and effective and such rates are in full force and effect. The time for appeal of such rate ordinance has expired and there has been no appeal thereof.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The City of St. Marys", and it is a municipal corporation of the State of West Virginia in Pleasants County of said State. The governing body of the Issuer is its Common Council, consisting of six Council members and the Mayor. The Recorder is the ex-officio

Recorder of the Common Council. The names and dates of commencement and termination of terms of office for all such officials during these Bond proceedings, including current terms, are listed below:

Office	Name	Date Of Commencement Of Office	Date Of Termination Of Office
Mayor	Louis F. Flade	07/01/97	06/30/01
Council Member	Larry K. Burns	07/01/97	06/30/01
Council Member	Paul E. Dutton	07/01/95	06/30/99
Council Member	C. A. (Mike) Hendricks	07/01/95	06/30/99
Council Member	R.C. (Jack) Johnson	07/01/97	06/30/01
Council Member	Julian D. Israel	07/01/97	06/30/01
Council Member	Dolores A. Stewart	07/01/95	06/30/99

The duly appointed and acting Recorder is Linda Wilson. The duly appointed and acting City Attorney is Keith White, Esquire, St. Marys, West Virginia.

8. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the 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 that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that 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 and the Prior Bonds.

9. 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 design, construction, acquisition, operation and financing of the Project were authorized or adopted at meetings of the Council duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of Council, and a quorum of duly appointed, qualified and acting members of the Council was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

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

11. 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 statement

of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the 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.

12. TRUTH AND ACCURACY: As of the date hereof, Louis F. Flade, Mayor and Linda Wilson, Recorder hereby certify that the copies of documents previously or on the date hereof certified by them as being true and accurate are true and accurate as of the date hereof and that none of such documents has been repealed, rescinded, amended or otherwise modified.

13. SPECIMEN BONDS: Attached hereto as Exhibit A is a specimen of the Bonds which, except as to execution and authentication, are identical in all respects with the Bonds this day delivered to the Authority, and being substantially in the form prescribed in the Ordinance.

14. BOND PROCEEDS: On the date hereof, the Issuer received $554,000 from the Authority, being the entire principal amount of the Bonds.

15. PRIVATE USE OF FACILITIES: 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, 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 on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the 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").

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

17. IRS INFORMATION RETURNS: On the date hereof, the undersigned Mayor did officially sign properly completed IRS Forms 8038-G and will cause each such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

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

[Remainder of Page Intentionally Left Blank]

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

WITNESS our signatures and the official corporate seal of The City of St. Marys, West Virginia on this 18th day of June, 1998.

[SEAL]

Signature	Official Title
Louis Mack	Mayor
Linda K. Wilson	Recorder
Keith White	City Attorney

CHASFS3:123121

"SPECIMEN"

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF PLEASANTS
THE CITY OF ST. MARYS
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

No. R-1 $554,000

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 FIVE HUNDRED FIFTY-FOUR THOUSAND DOLLARS ($554,000) in installments on the 1st day of October in each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum and payable semiannually on the dates 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, 1998. 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 First National Bank of St. Marys (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 June 18, 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 2nd day of June, 1998, and a Supplemental Resolution adopted by the Issuer on the 16th day of June, 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 June 18, 1998.

THE CITY OF ST. MARYS

[SEAL]

By: Louis T. Flode
Mayor

ATTEST:
Linda K. Wilson
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.

THE FIRST NATIONAL BANK OF ST. MARYS,
as Registrar

By: _____
Its Authorized Officer

Dated: June 18, 1998

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Date	Principal	Coupon	Interest	Total P+I
10/01/1998	-	-	9,114.07	9,114.07
4/01/1999	-	-	15,927.50	15,927.50
10/01/1999	16,000.00	5.750%	15,927.50	31,927.50
4/01/2000	-	-	15,467.50	15,467.50
10/01/2000	16,000.00	5.750%	15,467.50	31,467.50
4/01/2001	-	-	15,007.50	15,007.50
10/01/2001	17,000.00	5.750%	15,007.50	32,007.50
4/01/2002	-	-	14,518.75	14,518.75
10/01/2002	18,000.00	5.750%	14,518.75	32,518.75
4/01/2003	-	-	14,001.25	14,001.25
10/01/2003	19,000.00	5.750%	14,001.25	33,001.25
4/01/2004	-	-	13,455.00	13,455.00
10/01/2004	20,000.00	5.750%	13,455.00	33,455.00
4/01/2005	-	-	12,880.00	12,880.00
10/01/2005	22,000.00	5.750%	12,880.00	34,880.00
4/01/2006	-	-	12,247.50	12,247.50
10/01/2006	23,000.00	5.750%	12,247.50	35,247.50
4/01/2007	-	-	11,586.25	11,586.25
10/01/2007	24,000.00	5.750%	11,586.25	35,586.25
4/01/2008	-	-	10,896.25	10,896.25
10/01/2008	26,000.00	5.750%	10,896.25	36,896.25
4/01/2009	-	-	10,148.75	10,148.75
10/01/2009	27,000.00	5.750%	10,148.75	37,148.75
4/01/2010	-	-	9,372.50	9,372.50
10/01/2010	29,000.00	5.750%	9,372.50	38,372.50
4/01/2011	-	-	8,538.75	8,538.75
10/01/2011	30,000.00	5.750%	8,538.75	38,538.75
4/01/2012	-	-	7,676.25	7,676.25
10/01/2012	32,000.00	5.750%	7,676.25	39,676.25
4/01/2013	-	-	6,756.25	6,756.25
10/01/2013	34,000.00	5.750%	6,756.25	40,756.25
4/01/2014	-	-	5,778.75	5,778.75
10/01/2014	36,000.00	5.750%	5,778.75	41,778.75
4/01/2015	-	-	4,743.75	4,743.75
10/01/2015	38,000.00	5.750%	4,743.75	42,743.75
4/01/2016	-	-	3,651.25	3,651.25
10/01/2016	40,000.00	5.750%	3,651.25	43,651.25
4/01/2017	-	-	2,501.25	2,501.25
10/01/2017	42,000.00	5.750%	2,501.25	44,501.25
4/01/2018	-	-	1,293.75	1,293.75
10/01/2018	45,000.00	5.750%	1,293.75	46,293.75
TOTAL	554,000.00	-	402,011.57	956,011.57

[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:

_____

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Linda Wilson, the permanent, duly appointed Recorder of the City of St. Marys, West Virginia (the "Issuer"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the $554,000 The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter of the Issuer.

2. Rules of Procedure.

3. Oaths of Office of the Mayor, the Recorder and members of Council.

4. Rate Ordinance.

5. Loan Agreement dated June 18, 1998.

6. Minutes of the May 19, 1998, meeting of Council regarding the first reading of the Bond Ordinance.

7. Bond Ordinance (the "Ordinance") passed by Council on June 2, 1998.

8. Minutes of the June 2, 1998, meeting of Council wherein the Ordinance was adopted.

9. Affidavits of publication of the abstract and notice of the Ordinance published in the St. Marys Oracle and The Pleasants County Leader.

10. Supplemental Resolution adopted by Council on June 16, 1998, authorizing the sale of the Bonds.

11. Excerpt of the minutes of the June 16, 1998, meeting of Council wherein the public hearing was held, the ordinance became effective, and the Supplemental Resolution was adopted.

12. West Virginia Infrastructure and Jobs Development Council Approval Letter.

13. Copy of the Public Service Commission of West Virginia's (the "Commission") Final Order dated March 23, 1998, in Case No. 97-1000-W-CN, granting the City a Certificate of Public Convenience and Necessity and Approving the Financing.

14. Evidence of Grant from The County Commission of Pleasants County.

WITNESS my signature and the official seal of The City of St. Marys, West Virginia as of the 18th day of June, 1998.

Linda K. Wilson
RECORDER, THE CITY OF ST. MARYS

(SEAL)

CHASFS3:123137

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

CERTIFICATE AS TO NON-ARBITRAGE

I, Louis F. Flade, Mayor of The City of St. Marys, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $554,000 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (the "Bonds") of the Issuer, dated June 18, 1998, hereby certify as follows:

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

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 and 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 June 18, 1998, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Ordinance (the "Ordinance") pursuant to which the Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Bonds were sold on June 18, 1998, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated June 18, 1998, by and between the Issuer and the Authority.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purpose of paying costs of the acquisition and construction of improvements, additions, extensions and betterments to the waterworks portion (the "Project") of the existing combined waterworks and sewerage system of the Issuer.

8. The Issuer shall, within 30 days following delivery of the Bonds, enter into agreements which require the Issuer to expend in excess of $100,000 on the Project, constituting a substantial binding commitment, or has already done so. Construction of the Project will proceed with due diligence to completion, and all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, with the exception of reserve account deposits, if any, will be expended for payment of Costs of the Project on or before April 1, 1999. Construction of the Project is expected to be completed by April 1, 1999.

9. The total cost of the Project is estimated at $779,865.03. Sources and uses of funds for the Project are as follows:

SOURCES

Bond Proceeds	$ 554,000.00
Pleasants County Commission Grant	$ 200,000.00
Issuer contribution from available funds	$ 25,865.03
TOTAL SOURCES	$ 779,865.03

USES

Construction	$ 593,550.00
Technical Services	$ 120,020.00
Legal and Fiscal	$ 8,000.00
Site and other Lands	$ 2,246.00
Equipment for Well #6 (completed)	$ 16,999.03
Contingency	$ 30,050.00
Costs of Issuance	$ 9,000.00
TOTAL USES	$ 779,865.03

The amount of Project costs is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds, the grant and the Issuer's contribution, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Ordinance, the following special funds or accounts have been continued or created and shall be held by the Depository Bank:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

The following special funds or accounts are established with the Commission:

(1) Series 1998 A Bonds Sinking Fund; and

(a) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account.

11. Pursuant to Article VI of the Ordinance, the proceeds of the Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including but not limited to payment of cost of issuance.

12. Moneys held in the Series 1998 A Sinking Fund will be used solely to pay principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Series 1998 A Sinking Fund shall be used only for the purpose of paying principal of and interest on the Bonds, as the same shall become due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Series 1998 A Bonds Sinking Fund and Reserve Account shall be transferred not less than once each year to the Revenue Fund.

13. Except for the Series 1998 A Sinking Fund and the 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 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. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds will be deposited in the Reserve Account or any other reserve or replacement fund. The amounts deposited in the 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 Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Reserve Account is required by the Authority, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds.

14. The Issuer plans to issue the notice to proceed for the Project on or about June 18, 1998, and construction will commence on or about July 1, 1998. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 9 months.

15. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

16. All of the proceeds of the Bonds will be expended on the Project within 13 months from the date of issuance thereof.

17. Any money deposited in the Series 1998 A Sinking Fund for payment of the principal and interest on the Bonds (other than the Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt and any moneys received from the investment of amounts held in the Sinking Funds (other than in the Reserve Account therein) will be spent within a 1-year period beginning the date of receipt.

18. 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.

19. 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.

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

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 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 issues.

23. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than $5,000,000 of tax-exempt obligations during calendar year 1998 and has issued no other tax-exempt obligations during the current calendar year and the Issuer believes that it may avail itself of the "small governmental issuer" exception to rebate.

24. The Issuer shall use the proceeds of the Bonds solely for the purpose of the Project, which will be operated solely for a public purpose as a local governmental activity of the Issuer.

25. 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 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 and refrain from taking such actions as shall be

necessary to comply with the Code in order to ensure the interest on the Bonds is excludable from gross income for federal income tax purposes.

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

27. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. 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 exclusion from gross income for federal income tax purposes of the interest on the Bonds.

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

29. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

30. The Issuer has either (a) funded the 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 Reserve Account which will be funded with equal payments on a monthly basis over a 10 year period until such Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Reserve Account and the Series 1998 A Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

31. The Issuer shall submit to the Authority within thirty (30) days following the end of the Issuer's bond year a certified copy of its rebate calculation, or if the Issuer qualifies for the small governmental issuer exception to rebate, 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.

32. 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.

33. 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.

34. Jackson & Kelly 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.

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

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IN WITNESS WHEREOF, I have set my hand this 18th day of June, 1998.

THE CITY OF ST. MARYS

By _____
Mayor

CHASFS3:123168

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

CERTIFICATE OF CONSULTING ENGINEER

I, A. M. Sanghavi, Registered Professional Engineer, West Virginia License No. 6177, of S&S Engineers, Inc., Charleston, West Virginia, hereby certify that my firm is engineer for the construction and acquisition of certain additions, improvements and betterments to the existing waterworks facilities (herein called the "Project") of the 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 construction and acquisition are being permanently financed, in part, by the above-captioned Series 1998 A Bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the Ordinance passed by the Council of the Issuer on June 2, 1998, effective June 16, 1998, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated June 18, 1998.

I state that the construction of the Project should proceed to a successful conclusion within the time schedules proposed and the construction period is estimated at 270 days.

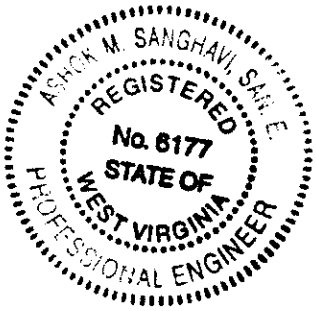
I hereby certify that (i) the Project will be constructed and acquired as provided in the application prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it will be planned and designed and has an estimated useful life of at least twenty-one years, (iii) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction and acquisition of the Project, (iv) the rates and charges for the System as adopted by the Council of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (v) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 18th day of June, 1998.

S&S ENGINEERS, INC.

By _____
West Virginia License No. 6177

[SEAL]



CHASFS3:123139

ESTIMATED TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

1.	Construction	$ 593,550	
2.	Technical Services	$ 120,020	
3.	Legal and Fiscal	$ 8,000	
4.	Administrative	$ ---	
5.	Site and Other Lands (Archaeological)	$ 2,246	
6.	Step I and/or Step II or Other Loan Repayment (Specify Type: Construction-Well No. 6 Completed)	$ 16,999.03	
7.	Interim Financing Costs	$ ---	
8.	Contingency	$ 30,050	
9.	**Total of Lines 1 through 8**		$ 770,865.03

B. Sources of Funds

10.	Federal Grants: (Specify Source)		$	
			$	
11.	State Grants: (Specify Source)		$	
			$	
			$	
			$	
12.	Other Grants: (Specify Source)	Pleasants Co. Comm.	$ 200,000.00	
			$	
13.	Any Other Source: (Specify)	City of St. Marys	$ 25,865.03	
			$	
14.	**Total of Lines 10 through 13:**			$ 225,865.03
15.	**Proceeds Required from Bond Issue (Line 9 Less Line 14):**			$ 545,000
16.	Cost of Financing:			
	(a) Capitalized Interest (Construction Period Plus Six Months)		$ ---	
	(b) Funded Reserve Account		$ ---	
	(c) Other Costs:	$ ---		
		$ 9,000		
		$ ---		
	Total Other Costs		$ 9,000	
	Total Cost of Financing			$ 9,000
17.	**Size of Bond Issue (Line 15 Plus Total from Line 16):**			$ 554,000

Name of individual who completed Information Form:
Ashok M. Sanghavi, P.E. S & S Engineers, Inc. Date: May 15, 1998

Telephone No.: (304) 342-7168 FAX No.: (304) 342-7169

PHILIP R. POSTLEWAIT, JR.
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1281
PARKERSBURG, WEST VIRGINIA 26102
TELEPHONE (304) 422-7444
FACSIMILE (304) 422-4911

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

WEST VIRGINIA SOCIETY CERTIFIED PUBLIC ACCOUNTANTS

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A

CERTIFICATE OF ACCOUNTANT AS TO COVERAGE AND PARITY

Philip R. Postlewait, Jr., Certified Public Accountant, has reviewed the combined water and sewer service rates of The City of St. Marys, West Virginia (the "Issuer") historic customer usage, anticipated customer growth and anticipated operation and maintenance expenses. It is my opinion that those rates (a) are adequate to pay operation and maintenance expenses, and to meet the debt service coverage requirements of (i) the Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (the "Series 1998 A Bonds"), authorized by the Bond Ordinance passed by the Council on June 2, 1998, effective June 16, 1998 (the "Ordinance"), and a Supplemental Resolution subsequently adopted by the Council on June 16, 1998; and (ii) the Issuer's Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A (the "Series 1996 A Bonds"), and the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B (the "Series 1996 B Bonds," and collectively with the Series 1996 A Bonds, the "Prior Bonds"); (b) are sufficient to comply with the provisions of the Loan Agreement entered into by and between the Issuer and the West Virginia Water Development Authority on June 18, 1998; and (c) are sufficient to comply with the provisions of the Prior Bonds in that the annual net revenues for the twelve month period, prior to the issuance of the Series 1998 A 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 described in the Ordinance will not be less than at least 115% of the total maximum amount of principal and interest falling due in any one subsequent year on any outstanding bonds, including the Prior Bonds and the proposed Series 1998 A Bonds, thus meeting the parity test set forth in the Prior Bonds.

WITNESS my signature as of this 18th day of June, 1998.

Philip R. Postlewait, Jr.
Certified Public Accountant

CHASFS3:123167

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 18th day of June, 1998, 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 $554,000 The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (the "Bonds") in the form of one bond, numbered R-1, in fully registered form, pursuant to a Bond Ordinance duly passed June 2, 1998, and a Supplemental Resolution adopted June 16, 1998 (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 on the Primary 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, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection with this Registrar's Agreement.

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, West Virginia 26170

REGISTRAR:

The First National Bank of St. Marys
401 Second Street
St. Marys, WV 26170

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 and deliver the Bonds in accordance with the Ordinance.

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

THE CITY OF ST. MARYS

By _____
Mayor

THE FIRST NATIONAL BANK OF ST. MARYS

By _____
Its Authorized Officer

CHASFS3:123162

EXHIBIT A

Bond Ordinance (See Tab No. 6)

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

The First National Bank of St. Marys, with its principal office in St. Marys, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The City of St. Marys, West Virginia duly passed on June 2, 1998, effective June 16, 1998, and the Supplemental Resolution adopted June 16, 1998 (collectively, the "Ordinance"), authorizing issuance of The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, in the aggregate principal amount of $554,000 (the "Bonds") and agrees to perform all duties of Depository Bank, all as set forth in said Ordinance.

Witness my signature as of the 18th day of June, 1998.

THE FIRST NATIONAL BANK OF ST. MARYS

By _____
Its Authorized Officer

CHASFS3:123160

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

June 18, 1998

The First National Bank of St. Marys
401 Second Street
St. Marys, WV 26170

Ladies and Gentlemen:

We herewith hand to you, duly executed, the $554,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, in the form of one bond number R-1 (the "Bonds") of The City of St. Marys, West Virginia (the "City"), authorized to be issued under and pursuant to the Bond Ordinance, duly passed by the Council of the City on June 2, 1998, effective June 16, 1998, and a Supplemental Resolution adopted by the Council on June 16, 1998 (collectively, the "Ordinance").

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the City to the West Virginia Water Development Authority.

THE CITY OF ST. MARYS

(SEAL)

By: Louis T. Flack
Mayor

Attest:
Linda K. Wilson
Recorder, The City of St. Marys

CHASFS3:123159

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

CERTIFICATE OF REGISTRATION OF BONDS

I, Carl Guthrie, President of The First National Bank of St. Marys, St. Marys, West Virginia, as Registrar (the "Registrar"), hereby certify that on the 18th day of June, 1998, the bond of The City of St. Marys, West Virginia in the principal amount of $554,000 designated "The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A," numbered R-1, and dated the date hereof was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the City kept for that purpose at our office, by a duly authorized officer on behalf of Registrar.

WITNESS my signature as of the 18th day of June, 1998.

THE FIRST NATIONAL BANK OF ST. MARYS
as Registrar

By Carl A. Guthrie
Its President

CHASFS3:123157

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

RECEIPT FOR BONDS

The undersigned, Barbara B. Meadows, Secretary-Treasurer of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), hereby certifies as follows:

1. On the 18th day of June, 1998, in Charleston, West Virginia, the Authority received the entire original issue of $554,000 in aggregate principal amount of The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (the "Bonds"), said Bonds being dated the 18th day of June 1998; issued in the form of one bond, fully registered to the Bank, and numbered R-1.

2. At the time of receipt of such Bond, it had been executed by Louis F. Flade, as Mayor of The City of St. Marys, by manual signature, and attested by Linda Wilson as Recorder of The City of St. Marys, by manual signature, and the official seal of said City had been impressed upon the Bond.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 18th day of June, 1998.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By Barbara B Meadows
Secretary-Treasurer

CHASFS3:123155

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

RECEIPT FOR BOND PROCEEDS

The undersigned Louis F. Flade, Mayor of The City of St. Marys (the "City"), hereby certifies as follows:

The City has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the $554,000 City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A, of the entire purchase price of $554,000.

IN WITNESS WHEREOF, The City of St. Marys has caused this receipt to be executed by its Mayor on this 18th day of June, 1998.

THE CITY OF ST. MARYS

By Louis F. Flade
MAYOR

CHASFS3:123154

Form **8038-G**
(Rev. May 1995)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
(Note: *Use Form 8038-GC if the issue price is under $100,000.*)

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: G1998 -1
5 City, town, or post office, state, and ZIP code: St. Marys, WV 26170	6 Date of issue: June 18, 1998
7 Name of issue: The City of St. Marys $554,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A	8 CUSIP number: N/A

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

9	☐ Education (attach schedule–see instructions)	9	$
10	☐ Health and hospital (attach schedule–see instructions)	10	
11	☐ Transportation	11	
12	☐ Public safety	12	
13	☒ Environment (including sewage bonds) (Bonds)	13	554,000
14	☐ Housing	14	
15	☐ Utilities	15	
16	☐ Other. Describe (see instructions) ▶	16	
17	If obligations are tax or other revenue anticipation bonds, check box ▶ ☐		
18	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	10-1-2018	5.75%	$45,000.00	$45,000.00			
20 Entire issue			$554,000.00	$554,000.00	12.620 years	5.7511644 %	5.750000 %

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

21	Proceeds used for accrued interest		21	-0-
22	Issue price of entire issue (enter amount from line 20, column (c))		22	554,000.00
23	Proceeds used for bond issuance costs (including underwriters' discount)	23 9,000.00		
24	Proceeds used for credit enhancement	24 -0-		
25	Proceeds allocated to reasonably required reserve or replacement fund	25 -0-		
26	Proceeds used to currently refund prior issues	26 -0-		
27	Proceeds used to advance refund prior issues	27 -0-		
28	Total (add lines 23 through 27)		28	9,000.00
29	Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here)		29	545,000.00

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

30	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A years
31	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
32	Enter the last date on which the refunded bonds will be called ▶	
33	Enter the date(s) the refunded bonds were issued ▶	

Part VI Miscellaneous

34	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	34	-0-
35	Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
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	-0-

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 elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

39 If the issuer has identified a hedge, check box ▶ ☐

Please 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.

Louis Flade — Signature of issuer's authorized representative — Date 6/18/98 — Louis Flade, Mayor — Type or print name and title

Printed on recycled paper

Department of the Treasury
Internal Revenue Service

Instructions for Form 8038-G

(Rev. May 1995)

Information Return for Tax-Exempt Governmental Obligations

A separate Form 8038-G must be filed for each issue of obligations.

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

Section references are to the Internal Revenue Code unless otherwise noted.

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

The time needed to complete and file this form varies depending on individual circumstances. The estimated average time is:

Learning about the law or the form . . . . . 2 hr., 29 min.

Preparing, copying, assembling, and sending the form to the IRS . . . . . 2 hr., 51 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the **Internal Revenue Service,** Attention: Tax Forms Committee, PC:FP, Washington, DC 20224. **DO NOT** send the form to this address. Instead, see **Where To File** below.

General Instructions

Purpose of Form

Form 8038-G is used by issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150. Complete Parts II through VI on the basis of available information and reasonable expectations as of the date the issue is issued. If an item does not apply to the issue you are reporting, write "N/A" in the space provided for the item.

Who Must File

Issuers must file a Form 8038-G for each issue of tax-exempt governmental obligations issued after December 31, 1986, if the price (line 20, column (c)) of the issue is $100,000 or more. If the issue price is less than $100,000, issuers must file **Form 8038-GC,** Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales. Issuers use **Form 8038-T,** Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate, to pay the arbitrage rebate to the United States, and to pay a penalty in lieu of arbitrage rebate.

When To File

File Form 8038-G on or before the 15th day of the 2nd calendar month after the close of the calendar quarter in which the issue is issued. Complete Form 8038-G based on the facts as of the issue date.

Late filing.—An issuer may be granted an extension of time to file Form 8038-G under Section 3 of Rev. Proc. 88-10, 1988-1 C.B. 635, if it is determined that the failure to file on time is not due to willful neglect. Send a late Form 8038-G to: Internal Revenue Service, Philadelphia Service Center, Statistics of Income Unit, P:DA:Unit F-SOI, Philadelphia, PA 19255, Stop #335. Type or print at the top of the form, "This Statement is Submitted in Accordance with Rev. Proc. 88-10." Attach to the Form 8038-G a letter explaining why Form 8038-G was not submitted to the IRS on time. Also indicate whether the bond issue in question is under examination by the IRS. Do not submit copies of the trust indenture or other bond documents.

Where To File

File Form 8038-G with the Internal Revenue Service Center, Philadelphia, PA 19255.

Rounding Off to Whole Dollars

You may show the money items on this return as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

Definitions

- A "tax-exempt obligation" is an obligation on which the interest is excluded from income under the Internal Revenue Code. A tax-exempt obligation is not limited to the formal issuance of bonds. It also includes installment purchase agreements and financial leases.
- A "tax-exempt governmental bond" is a tax-exempt bond that is not a private activity bond.
- A "private activity bond" is generally an obligation issued as part of an issue of which (a) more than 10% of the proceeds are to be used for any private business use; and (b) more than 10% of the payment of principal or interest of the issue is either secured by an interest in property to be used for a private business use (or payments in respect of such property), or is to be derived from payments in respect of property (or borrowed money) used for a private business use. An obligation is also considered a private activity bond if the amount of the proceeds to be used to make or finance loans (other than loans described in section 141(c)(2)) to certain persons exceeds the smaller of 5% of the proceeds or $5 million. Private activity bonds should be reported on Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

Issue.—Generally, do not treat separate obligations as part of the same issue unless the obligations are issued by the same issuer, on the same date, and pursuant to a single transaction (or series of related transactions). In cases of **draw-down loans,** all amounts reasonably expected to be advanced within 3 years of the date of the first draw may be treated as part of the same issue if the draws are equally and ratably secured by the same loan agreement and are pursuant to a common financing arrangement. All obligations that are issued under a single **finance lease** or **installment purchase agreement** may be treated as part of the same issue if all of the property covered by that agreement is reasonably expected to be delivered within 3 years of the date of issue of the first obligation.

Arbitrage rebate.—Generally, interest on a state or local bond is not tax exempt unless the issuer of the bond rebates to the United States arbitrage profits earned from investing proceeds of the bond in higher yielding nonpurpose investments. See section 148(f).

Construction issue.—A construction issue is an issue of tax-exempt bonds if **(1)** at least 75% of the available construction proceeds of the issue are to be used for construction expenditures with respect to property that is to be owned by a governmental unit or a 501(c)(3) organization, and **(2)** all of the bonds that are part of the issue are qualified 501(c)(3) bonds; bonds that are not private activity bonds; or private activity bonds issued to finance property to be owned by a governmental unit or a 501(c)(3) organization. In lieu of rebating any arbitrage that may be owed to the United States, the issuer of a construction issue may make an irrevocable election to pay a penalty. The penalty is equal to 1½% of the amount of construction proceeds that do not meet certain spending requirements. See section 148(f)(4)(C).

Specific Instructions

Part I—Reporting Authority

Amended Return.—If you are filing an amended Form 8038-G, check the amended return box and complete Part I and only those parts of Form 8038-G you are amending. Use the same report number (line 4) as was used for the original report. Do not amend the estimated amounts previously reported once the actual amounts are determined.

Line 1.—The issuer's name is the name of the entity issuing the obligations, not the name of the entity receiving the benefit of the financing. For a lease or installment sale, the issuer is the lessee or the purchaser.

Line 2.—An issuer that does not have an EIN should apply for one on **Form SS-4,** Application for Employer Identification Number. This form may be obtained from most IRS and Social Security Administration offices. File Form SS-4 according to the instructions on that form. If the EIN has not been received by the due date for Form 8038-G, write "Applied for" in the space for the EIN.

Line 4.—Number reports consecutively based on the filing date (not the date of issue). For example, if the issuer filed two Forms 8038-G in the 1995 calendar year, the "report number" for the third Form 8038-G would be "G1995-3." If an issuer (e.g., a state) issues obligations through many departments or

WV MUNICIPAL BOND COMMISSION
Suite 300 - L & S Building
12 Quarrier Street, Charleston, WV 25301
(304) 348-3971

NEW ISSUE REPORT FORM
Date of Report: June 18, 1998

ISSUE: $554,000 The City of St. Marys Combined Waterworks and Sewerage System Revenue Bonds, Series 1998A
ADDRESS: 418 Second Street, St. Marys, WV 26170 COUNTY: Pleasants County
PURPOSE OF ISSUE: New Money X
Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: June 18, 1998 CLOSING DATE: June 18, 1998
ISSUE AMOUNT: $554,000 RATE: 5.75%
1st DEBT SERVICE DUE: 10/1/98 1st PRINCIPAL DUE: 10/1/99
1st DEBT SERVICE AMOUNT: $9,114.07 PAYING AGENT: WV Municipal Bond Commission

ISSUERS
BOND COUNSEL: Jackson & Kelly
Contact Person: Chris Callas, Esquire
Phone: (304) 340-1251

UNDERWRITERS
BOND COUNSEL: _____
Contact Person: _____
Phone: _____

(DEPOSITORY)
CLOSING BANK: First National Bank of St. Marys
Contact Person: Carl Guthrie
Phone: (304) 684-2255

ESCROW TRUSTEE: _____
Contact Person : _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Linda Wilson
Position: Recorder
Phone: (304) 684-2401

OTHER: _____
Contact Person: _____
Function: _____
Phone: _____

DEPOSITS TO MBC AT CLOSE:
By _____ Wire
_____ Check(s)

_____ Accrued Interest: $_____
_____ Capitalized Interest: $_____
_____ Reserve Account: $_____
_____ Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire
_____ Check
_____ IGT

_____ To Escrow Trustee: $_____
_____ To Issuer: $_____
_____ To Cons.Invest.Fund $_____
_____ To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

WV MUNICIPAL BOND COMMISSION
Suite 300 - L & S Building
12 Quarrier Street, Charleston, WV 25301
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BOND COUNSEL: Jackson & Kelly
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Phone: (304) 340-1251

UNDERWRITERS
BOND COUNSEL: _____
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Phone: _____

(DEPOSITORY)
CLOSING BANK: First National Bank of St. Marys
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Contact Person: Linda Wilson
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Phone: (304) 684-2401

OTHER: _____
Contact Person: _____
Function: _____
Phone: _____

DEPOSITS TO MBC AT CLOSE:
By _____ Wire
_____ Check(s)

_____ Accrued Interest: $_____
_____ Capitalized Interest: $_____
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REFUNDS & TRANSFERS BY MBC AT CLOSE:
By _____ Wire
_____ Check
_____ IGT

_____ To Escrow Trustee: $_____
_____ To Issuer: $_____
_____ To Cons.Invest.Fund $_____
_____ To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

THE CITY OF ST. MARYS

$554,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1998 A

CONSENT TO PARITY DEBT

The West Virginia Water Development Authority and the West Virginia Division of Environmental Protection, pursuant to Section 8.09 of the Bond Ordinance enacted by the City of St. Marys, West Virginia (the "City"), on October 1, 1996, hereby consent to the issuance of the City's $554,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (the "Bonds"), on a parity with the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B, with respect to the first lien on the Net Revenues of the System.

WITNESS our signatures this 18th day of June, 1998.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Daniel B. Yoskosky

Its: Director

WEST VIRGINIA DIVISION OF ENVIRONMNETAL PROTECTION

By: John M. Johnson

Its: Asst. Chief

CHASFS3:123199

JACKSON & KELLY
ATTORNEYS AT LAW
1600 LAIDLEY TOWER
P. O. BOX 553
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130
WRITER'S DIRECT DIAL NO.

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25402
TELEPHONE 304-263-8800

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

Jackson & Kelly is a member of Lex Mundi, a global association of more than 120 independent law firms

June 18, 1998

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571

Re: The City of St. Marys $554,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A

Ladies and Gentlemen:

We are bond counsel to The City of St. Marys (the "Issuer"), a municipal corporation.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated June 18, 1998, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of the above-referenced bonds of the Issuer, dated June 18, 1998 (the "Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are in the principal amount of $554,000, issued in the form of one bond registered as to principal and interest to the Authority, with principal payable in annual installments each October 1, commencing October 1, 1999, and with interest payable in semi-annual installments on April 1 and October 1 of each year, commencing October 1, 1998, at the rate of five and three-quarters percent (5.75%) per annum and as set forth in the Debt Service Schedule attached to the Bond. The Bonds are issued on a parity as to security and source of payment with the Issuer's outstanding Combined Waterworks and Sewerage System Revenue Refunding Bonds, Series 1996 A, and the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1996 B (collectively, the "Prior Bonds").

The Bonds are issued for the purposes of paying a portion of the costs of acquiring and constructing certain additions, extensions, betterments and improvements to the waterworks portion of the Issuer's existing combined waterworks and sewerage system and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the Bond Ordinance duly passed by the Issuer on June 2, 1998, as supplemented on June 16, 1998 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and in the Loan Agreement.

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 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 as follows:

1. 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.

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

3. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Local Statute and other applicable provisions of law.

4. The Issuer has legally and effectively enacted the Local Act and all other necessary resolutions in connection with the issuance and sale of the Bonds. 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 Bonds are valid and legally enforceable special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the Net Revenues of said System on parity with the Prior Bonds, all in accordance with the terms of the Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. Under existing laws, regulations, public rulings, and judicial decisions, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (just defined for federal income tax purposes), such interest is taken into account in determining the adjusted current earnings. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all covenants, certifications, expectations and representations set forth in the Ordinance, the Certificate as to Non-Arbitrage, and other certificates relating to tax-exemption and all requirements of Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Failure to comply with certain of such Code provisions or covenants, certifications, expectations, or representations may cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. The Bonds and the interest thereon are, under the Act, 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 of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined executed and authenticated 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,

Jackson & Kelly

CHASFS3:123151

BRYANT & WHITE
ATTORNEYS AT LAW
110 WASHINGTON STREET
P. O. BOX 176
ST. MARYS, WEST VIRGINIA 26170-0176

CARL P. BRYANT
KEITH WHITE

304-684-2219
FAX 304-684-9428

June 18, 1998

West Virginia Water Development
Authority
180 Association Drive
Charleston, WV 25311-1571

Jackson & Kelly
P.O. Box 553
Charleston, WV 25322

Re: The City of St. Marys $554,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 1998A

Ladies and Gentlemen:

I am the City Attorney for The City of St. Marys, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson & Kelly, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), the Loan Agreement by and between the West Virginia Water Development Authority (the "Authority") and the Issuer dated June 18, 1998, and a Bond Ordinance duly passed by the Council (the "Council") of the Issuer on June 2, 1998, effective June 16, 1998, as supplemented by a Supplemental Resolution adopted June 16, 1998 (collectively, the "Ordinance"), and otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. 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 Issuer in accordance with its terms.

2. The members of the Common Council were duly and properly elected or appointed and are thereby authorized to act on behalf of the Issuer.

3. The Ordinance has been duly enacted by the Common Council of the Issuer and is in full force and effect.

4. The Issuer has received or will have received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, including, without limitation, the receipt of a Recommended Decision of the Public Service Commission of West Virginia (the "PSC") dated March 3, 1998, which became a Final Order of the PSC on March 23, 1998, granting the Issuer a Certificate of Public Convenience and Necessity for the Project. The appeal period for such Final Order has expired without appeal. The Issuer has taken all action required to impose proper rates and charges for the operation of the System, including the enactment of an unappealable ordinance prescribing such rates and charges.

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

6. The Issuer has received all the necessary permits, licenses, approvals and authorizations that are presently obtainable to acquire and construct the Project.

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

Very truly yours,

Keith White

KW/msr