

TOWN OF WARDENSVILLE

**Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)**

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**TOWN OF WARDENSVILLE
SEWER REVENUE BONDS, SERIES 2009 A
(WEST VIRGINIA SRF PROGRAM); AND
SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA SRF PROGRAM/ARRA)**

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TOWN OF WARDENSVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF WARDENSVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF WARDENSVILLE OF NOT MORE THAN \$700,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$700,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING ARRA ASSISTANCE AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage

system of the Issuer, consisting of construct and install improvements to the existing wastewater system, including, but not limited to, treatment plant flood protection, treatment plant capability improvements, and building improvement, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification, or disposal of liquid or solid wastes, residential sewage or industrial waste (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the total aggregate principal amount of not more than \$4,000,000 in two or more series, initially planned to be (i) the Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), in the aggregate principal amount of not more than \$700,000 (the "Series 2009 A Bonds"); and (ii) the Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), in the aggregate principal amount of not more than \$700,000 (the "Series 2009 B Bonds") (collectively, the "Series 2009 Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the Act; interest, if any, upon the Series 2009 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined) for the Series 2009 Bonds; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design, acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2009 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2009 A Bonds be sold to the Authority pursuant to the terms and provisions of a ARRA assistance agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and its Series 2009 B Bonds be sold to the Authority pursuant to the terms and provisions of a ARRA Assistance

Agreement by and among the Issuer, the Authority and the DEP, all in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

G. The Issue has the following outstanding obligations: (i) Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture), dated July 25, 1980, issued in the original aggregate principal amount of \$250,000 (the "Series 1979 Bonds" or the "Prior Bonds").

The Series 2009 A Bonds shall be issued on a parity with the Prior Bonds. Prior to the issuance of the Series 2009 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2009 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Issuer's Prior Bonds, and the Series 2009 Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and ARRA Assistance Agreement (hereinafter defined) relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2009 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Governing Body to issue the Series 2009 Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2009 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"ARRA" means the American Recovery and Reinvestment Act of 2009.

"ARRA Assistance Agreement" means the ARRA Assistance Agreement heretofore entered, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2009 Bonds from the Issuer by the Authority, the form of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2009 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2009 Bonds and the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2009 Bonds for all or a portion of the proceeds of the Series 2009 Bonds from the Authority and the DEP.

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

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

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

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

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

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

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

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

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

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

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

"Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System and all parts thereof, all as calculated in accordance with sound accounting practices.

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

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an

independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2009 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2009 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, the SRF Administrative Fee (as hereinafter defined), insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices.

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

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

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

"Prior Bonds" means the Series 1979 Bonds.

The Series 2009 A Bonds shall be issued on a parity with the Prior Bonds. Prior to the issuance of the Series 2009 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2009 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

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

"Qualified Investments" means and includes the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; and

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

"Recorder", means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 2009 Bonds.

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

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

"Series 1979 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture), dated July 25, 1980, issued in the original aggregate principal amount of \$250,000.

The Series 2009 A Bonds shall be issued on a parity with the Prior Bonds. Prior to the issuance of the Series 2009 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2009 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

"Series 2009 A Bonds" means the Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 2009 A Bonds Reserve Account" means the Series 2009 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2009 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 A Bonds in the then current or any succeeding year.

"Series 2009 A Bonds Sinking Fund" means the Series 2009 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2009 B Bonds" means the Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, authorized by this Ordinance.

"Series 2009 B Bonds Reserve Account" means the Series 2009 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2009 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 B Bonds in the then current or any succeeding year.

"Series 2009 B Bonds Sinking Fund" means the Series 2009 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2009 Bonds" means, collectively, the Series 2009 A Bonds and the Series 2009 B Bonds.

"Series 2009 Bonds Construction Trust Fund" means the Series 2009 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2009 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the ARRA Assistance Agreement for the Series 2009 Bonds.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2009 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2009 Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost not to exceed \$2,900,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2009 A Bonds and the Series 2009 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids or will receive and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed \$2,900,000, of which up to \$700,000 will be obtained from proceeds of the Series 2009 A Bonds and up to \$700,000 will be obtained from proceeds of the Series 2009 B Bonds and \$1,500,000 will be obtained from a Small Cities Block Grant.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2009 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2009 Bonds of the Issuer. The Series 2009 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program)", in the principal amount of not more than \$700,000, and "Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA)," in the principal amount of not more than \$700,000, and all shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2009 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2009 Bonds Construction Trust Funds established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2009 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the ARRA Assistance Agreement. The Series 2009 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2009 Bonds shall be paid by check or draft of the Paying Agent or its agent,

mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2009 Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2009 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2009 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2009 Bonds shall cease to be such officer of the Issuer before the Series 2009 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2009 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2009 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2009 Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2009 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under

the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2009 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2009 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2009 Bonds are exercised, all Series 2009 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2009 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2009 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of any Series 2009 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2009 Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2009 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2009 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2009 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2009 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2009 Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2009 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2009 Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the ARRA Assistance Agreement; and
- E. The unqualified approving opinions of bond counsel on the Series 2009 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2009 Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2009 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF WARDENSVILLE
SEWER REVENUE BONDS, SERIES 2009 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on the ___ day of _____, 2009, TOWN OF WARDENSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Hardy County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, to and including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing _____ 1, 20___, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority, and the DEP, dated _____, 2009.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) funding the Series 2009 A Reserve Account; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and

statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2009, and a Supplemental Resolution duly adopted by the Issuer on _____, 2009 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 25, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000 (THE "SERIES 1979 BONDS" OR THE "PRIOR BONDS") AND THE SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED _____, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____, (THE "SERIES 2009 B BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and the Series 2009 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2009 A Bonds (the "Series 2009 A Bonds Reserve Account"), and unexpended proceeds of the Series 2009 A Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Series 2009 A Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Series 2009 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 A Bonds including the Series 2009 B Bonds and the Prior Bonds; provided however, that, so long as there exists in the Series 2009 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2009 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Bonds, including the Series 2009 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2009.

as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B
DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20__.

In the presence of:

(FORM OF SERIES 2009 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF WARDENSVILLE
SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on the ___ day of _____, 2009, the TOWN OF WARDENSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Hardy County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing _____ 1, 20____, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority, and the DEP, dated _____, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under

the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2009, and a Supplemental Resolution duly adopted by the Issuer on _____, 2009 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 25, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000 (THE "SERIES 1979 BONDS" OR THE "PRIOR BONDS"), AND (V) SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM), DATED _____, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ _____, (THE "SERIES 2009 A BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and the Series 2009 A Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2009 B Bonds (the "Series 2009 B Bonds Reserve Account"), and unexpended proceeds of the Series 2009 B Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 B Bonds Reserve Account and unexpended proceeds of the Series 2009 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Series 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 B Bonds including the Series 2009 A Bonds and the Prior Bonds; provided however, that, so long as there exists in the Series 2009 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2009 B Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Bonds, including the Series 2009 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2009.

as Registrar

Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

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

TOTAL \$ _____

EXHIBIT B
DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement. The Series 2009 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the ARRA Assistance Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the ARRA Assistance Agreement in the forms attached hereto as "EXHIBIT A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The ARRA Assistance Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated in this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule for the Series 2009 Bonds, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund (established by Prior Ordinance);
- (2) Renewal and Replacement Fund (established by Prior Ordinance); and
- (3) Series 2009 Bonds Construction Trust Fund.

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

- (1) Series 1979 Bonds Reserve Account (established by Prior Ordinance and continued hereby);
- (2) Series 2009 A Bonds Sinking Fund;
- (3) Series 2009 A Bonds Reserve Account;
- (4) Series 2009 B Bonds Sinking Fund; and
- (5) Series 2009 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinance and in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance and in this Bond Legislation. All monies in the Revenue Fund shall be disposed of only in the following manner and order of priority:

- (1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses of the System.
- (2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office the amount required by Prior Ordinance to pay interest on the Prior Bonds.
- (3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amount required by the Prior Ordinance for payment of principal of the Prior Bonds; (ii) to the Commission commencing 4 months prior to the first date of payment of principal of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2009 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iii) to the Commission commencing 4 months prior to the first date of payment of principal of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2009 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the

period to elapse between the date of such initial deposit in the Series 2009 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amount required by the Prior Ordinance for deposit in the Reserve Account for the Prior Bonds; (ii) commencing 4 months prior to the first date of payment of principal of the Series 2009 A Bonds, if not fully funded upon issuance of the Series 2009 A Bonds, for deposit in the Series 2009 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2009 A Bonds Reserve Requirement; and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2009 B Bonds, if not fully funded upon issuance of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2009 B Bonds Reserve Requirement.

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

Monies in the Series 2009 A Bonds Sinking Fund and Series 2009 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2009 Bonds, respectively, as the same shall become due. Monies in the Series 2009 A Bonds Reserve Account and the Series 2009 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2009 Bonds, respectively, as the same shall come due, when other monies in the Series 2009 A Bonds Sinking Fund and the Series 2009 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2009 Bonds Construction Trust Fund, and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2009 Bonds, if any, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the respective Reserve Requirements thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above, all on a pro rata basis.

As and when additional Bonds ranking on a parity with the Series 2009 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund or the Series 2009 B Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2009 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue, if any, until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2009 A Bonds, and the Series 2009 B Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account, created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 A Bonds Sinking Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2009 Bonds, respectively, under the conditions and restrictions set forth herein.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2009 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the ARRA Assistance Agreement for the Series 2009 Bonds.

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

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

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

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

curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies on a parity and pro rata with respect to the Series 2009 Bonds and the Prior Bonds all in accordance with the respective principal amounts outstanding before being applied to any other payments hereunder.

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

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds.

From the monies received from the sale of the Series 2009 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 A Bonds, there shall first be deposited with the Commission in the Series 2009 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2009 A Bonds, there shall be deposited with the Commission in the Series 2009 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2009 A Bonds Reserve Account.

C. As the Issuer receives advances of the monies derived from the sale of the Series 2009 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2009 A Bonds.

D. From the proceeds of the Series 2009 B Bonds, there shall first be deposited with the Commission in the Series 2009 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

E. Next, from the proceeds of the Series 2009 B Bonds, there shall be deposited with the Commission in the Series 2009 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2009 B Bonds Reserve Account.

F. As the Issuer receives advances of the monies derived from the sale of the Series 2009 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2009 B Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2009 A Bonds and Series 2009 B Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements of Bond Proceeds.

On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2009 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly. Invoices for which repayment from the Series 2009 Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2009 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement, in compliance with the construction schedule; and
- (2) a certificate, signed by an Authorized Officer, stating that:
 - (A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
 - (B) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
 - (C) Each of such costs has been otherwise properly incurred;and

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

Pending such application, monies in the Series 2009 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2009 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2009 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2009 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2009 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2009 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues: Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2009 Bonds issued hereunder shall be secured equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the ARRA Assistance Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted March 4, 2008 which rates are incorporated herein by reference as a part hereof.

So long as the Series 2009 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the ARRA Assistance Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2009 Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the ARRA Assistance Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the ARRA Assistance Agreement.

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

So long as the Series 2009 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2009 A Bonds Sinking Fund and the Series 2009 B Bonds Sinking Fund, respectively, pro rata with respect to the principal amount of each of the Bonds then Outstanding, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2009 A Bonds and the Series 2009 B Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine, upon consultation with a professional engineer, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Sinking Fund for repayment of the Bonds. The payment of such proceeds into the

Renewal and Replacement Fund and Sinking Fund shall not reduce the amounts required to be paid into such account by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in the Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2009 Bonds. All obligations issued by the Issuer after the issuance of the Series 2009 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2009 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2009 Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2009 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

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

So long as the Series 2009 Bonds are outstanding, 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 Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior

liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such revenues, with the Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of designing, acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the design, acquisition, construction and installation of the Project; the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2009 Bonds and shall mail in each year to any Holder or Holders of the Series 2009 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2009 Bonds and shall submit the report to the Authority and the DEP or any other original purchaser of the Series 2009 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the ARRA Assistance Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in the ARRA Assistance Agreement for the Series 2009 Bonds or any Exhibit thereto or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2009 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the

prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to meet the coverage requirements set forth in the Prior Ordinance so long as the Prior Bonds are outstanding and thereafter, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2009 Bonds including the Prior Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2009 Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2009 Bonds.

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

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the DEP and any Holder of any Bonds or anyone acting for and on behalf of such Holder.

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

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

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the ARRA Assistance Agreement for the Series 2009 Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

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

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

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which

shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2009 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

- (1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided

herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the ARRA Assistance Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price

of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

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

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

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

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2009 Bonds required by State law, with all requisite appeal periods having expired without successful appeal, except as otherwise provided in Section 1.02(I) and the Issuer shall provide an opinion of counsel to such effect.

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

Section 7.19. [RESERVED]

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

Section 7.21. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2009 Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2009 Bonds made available due to bid or construction or project underruns.

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

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2009 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2009 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2009 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2009 Bonds as a condition to issuance of the Series 2009 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2009 Bonds as may be necessary in order to maintain the status of the Series 2009 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2009 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2009 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this

Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2009 Bonds and, at any time, any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2009 Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2009 Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions relating to the Series 2009 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or
- (3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or
- (4) If default occurs with respect to the Prior Bonds or the Prior Ordinance.

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

Registered Owners; provided that, all rights and remedies of the Holders of the Series 2009 Bonds shall be on a parity with those of the Holders of the Prior Bonds.

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

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

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

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

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

jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 2009 A Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2009 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2009 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2009 A Bonds from gross income for federal income tax purposes.

Section 10.02. Payment of Series 2009 B Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of all of the Series 2009 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2009 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2009 B Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. American Recovery and Reinvestment Act. If the Issuer is notified by DEP that one or more of its Bonds will be purchased by the Authority on behalf of DEP using funding from the ARRA, then the terms and conditions contained in the ARRA Assistance Agreement required by the ARRA will be incorporated herein and made a part of this Bond Legislation as if specifically set forth herein. The Issuer will follow the requirements set forth by DEP and will provide ongoing reporting and information as is required by DEP and the ARRA.

Section 11.02. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2009 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2009 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2009 Bonds shall be made

without the consent in writing of the Registered Owners of the Series 2009 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2009 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2009 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2009 Bonds from gross income of the holders thereof.

Section 11.03. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.04. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2009 Bonds.

Section 11.05. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.06. Conflicting Provisions Repealed; Prior Ordinance. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

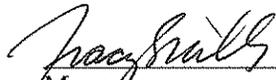
Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in *The Moorefield Examiner*, a newspaper of general circulation in the Town of Wardensville, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2009 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: July 14, 2009

Passed on Second Reading: August 11, 2009

Passed on Final Reading
Following Public Hearing: September 8, 2009



Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of the TOWN OF WARDENSVILLE on the 8th day of September, 2009.

Dated: December 2, 2009.

[SEAL]

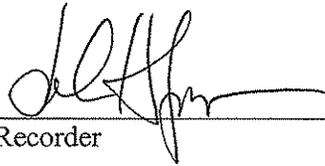

Recorder

EXHIBIT A

ARRA Assistance Agreement included in bond transcript as Documents 3

10.30.09
940540.00004

TOWN OF WARDENSVILLE

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA) OF THE TOWN OF WARDENSVILLE; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town council (the "Governing Body") of The Town of Wardensville (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective September 8, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF WARDENSVILLE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF WARDENSVILLE OF NOT MORE THAN \$700,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN \$700,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS

OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING ARRA ASSISTANCE AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) in an aggregate principal amount not to exceed \$700,000 (the "Series 2009 A Bonds") and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA) in an aggregate principal amount not to exceed \$700,000 (the "Series 2009 B Bonds") (collectively, the "Series 2009 Bonds");

WHEREAS, the Bond Ordinance has authorized the execution and delivery of an ARRA assistance agreement relating to the Series 2009 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP") (the "ARRA Assistance Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the ARRA Assistance Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2009 Bonds should be established by a supplemental resolution pertaining to the Series 2009 Bonds; and that other matters relating to the Series 2009 Bonds be herein provided for;

WHEREAS, the ARRA Assistance Agreement have been presented to the Issuer at this meeting;

WHEREAS, the Series 2009 A Bonds and the Series 2009 B Bonds are proposed to be purchased by the Authority pursuant to the ARRA Assistance Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the ARRA Assistance Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of

the Series 2009 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2009 Bonds be herein provided for;

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

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

A. Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original aggregate principal amount of \$279,782. The Series 2009 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2049 and shall bear no interest. The principal of the Series 2009 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2011, to and including December 1, 2049, and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2009 A Bonds and incorporated in and made a part of the Series 2009 A Bonds. The Series 2009 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2009 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2009 A Bonds set forth in "Schedule Y" attached to the ARRA Assistance Agreement.

B. Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, originally represented by a single Bond, numbered BR-1, in the original aggregate principal amount of \$179,782. The Series 2009 B Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2021, and shall bear no interest. The principal of the Series 2009 B Bonds shall be 100% forgiven as set forth in ARRA Assistance Agreement. The Series 2009 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2009 B Bonds. The Series 2009 B Bonds are not subject to the SRF Administrative Fee.

Section 2. All other provisions relating to the Series 2009 Bonds and the text of each series of the Series 2009 Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the ARRA Assistance Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the ARRA Assistance Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the ARRA Assistance Agreement and in the applications to the DEP and the Authority. The price of the Series 2009 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2009 Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank of Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2009 Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2009 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2009 Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate Capon Valley Bank, Wardensville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2009 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2009 A Bonds Reserve Account.

Section 8. Series 2009 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2009 B Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2009 A Bonds and the Series 2009 B Bonds shall be deposited in or credited to the Series 2009 Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2009 Bonds and related costs.

Section 10. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2009 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2009 Bonds may be delivered on or about December 2, 2009, to the Authority pursuant to the ARRA Assistance Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2009 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer.

Monies in the Sinking Funds and the Reserve Accounts for the Series 2009 Bonds, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

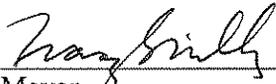
Section 15 The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 16. The Special Conditions of the ARRA Assistance Agreement are attached as Exhibit A hereto and incorporated herein by reference.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 10th day of November, 2009.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Wardensville on the 10th day of November, 2009.

Dated: December 2, 2009.

[SEAL]


Recorder

EXHIBIT A

SPECIAL CONDITIONS

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

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

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP. New systems shall submit the asset management plan to DEP when the Project is complete. Existing systems shall submit the asset management plan to DEP within six months following completion of the Project.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Government shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by DEP.

H. PURCHASING REQUIREMENTS – The Local Government shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Government shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by DEP, the Local Government shall provide certifications as to compliance.

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

K. INSPECTOR GENERAL REVIEWS – The Local Government shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Government.

L. FALSE CLAIMS – The Local Government must promptly refer to EPA’s Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. LIMIT ON FUNDS – The Local Government shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

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

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Government shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments

of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Government shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond funded by ARRA funds shall be designated “Series [2009] B” and shall contain “(WVCWSRF Program/ARRA)” in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

11.06.09
940540.00004

SRF-ARRA/M
(08/09)

ARRA ASSISTANCE AGREEMENT

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

TOWN OF WARDENSVILLE (C-544325/2000S-523)
(Local Government)

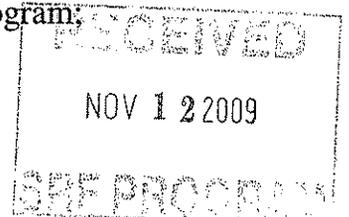
W I T N E S S E T H:

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

WHEREAS, the United States Congress has provided additional capitalization grant funding under the Clean Water Act through the American Recovery and Reinvestment Act of 2009 (the "ARRA");

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

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



WHEREAS, the ARRA provides that at least fifty percent (50%) of the funds provided through the capitalization grant be provided as negative interest loans or principal forgiveness (the "ARRA Assistance");

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act, the ARRA and the Act;

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

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

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

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for a Loan with attachments and exhibits and an Amended Application for a 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 the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with

moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program.

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

ARTICLE I

Definitions

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

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

1.3 "Loan" means the loan to be made by the Authority and DEP to the Local Government through the purchase of Local Bonds, as hereinafter defined, pursuant to this ARRA Assistance Agreement.

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this ARRA Assistance 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 "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, including ARRA Assistance.

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this ARRA Assistance Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

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

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

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

2.14 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of the WDA Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

2.15 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

3.2 Subject to the terms and provisions of this ARRA Assistance Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government including rules, regulations and procedures promulgated under the Clean Water Act and/or the ARRA, it is hereby agreed that the Authority shall make the Loan to the Local Government and the Local Government shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Government 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 ARRA Assistance Agreement.

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

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans from the Fund to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this ARRA Assistance Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the prior approval of DEP.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) unless waived or modified by Schedule X and to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on

the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees

paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

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

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

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

ARTICLE VII

Miscellaneous

7.1 Schedules X and Y shall be attached to this ARRA Assistance 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 Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this ARRA Assistance 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 ARRA Assistance Agreement, and this ARRA Assistance Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This ARRA Assistance 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 ARRA Assistance Agreement.

7.4 No waiver by any party of any term or condition of this ARRA Assistance 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 ARRA Assistance Agreement.

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

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

7.7 This ARRA Assistance Agreement shall terminate upon the earlier of:

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

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

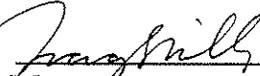
(iii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

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

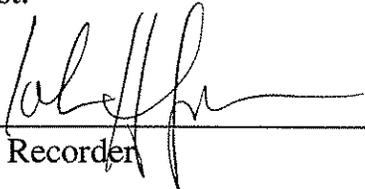
IN WITNESS WHEREOF, the parties hereto have caused this ARRA Assistance Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

TOWN OF WARDENSVILLE

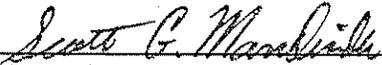
(SEAL)

By: 
Its: Mayor
Date: December 2, 2009

Attest:


Its: Recorder

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

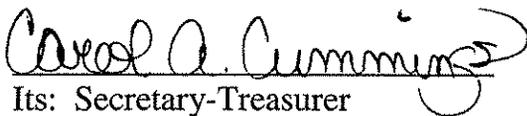
By: 
Its: Acting Director
Date: December 2, 2009

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: 
Its: Executive Director
Date: December 2, 2009

Attest:


Its: Secretary-Treasurer

{C1622955.1}

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____

Name of Bond Issue(s) _____

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

Fiscal Year _____ **Report Month** _____

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

Name of Person Completing Form

Address

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

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

A, and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) the Issuer has received the Buy American Certificate from each contractor; (x) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the ARRA Assistance Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

By _____
West Virginia License No.

[SEAL]

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

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

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP. New systems shall submit the asset management plan to DEP when the Project is complete. Existing systems shall submit the asset management plan to DEP within six months following completion of the Project.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Government shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by DEP.

H. PURCHASING REQUIREMENTS – The Local Government shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42

U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Government shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by DEP, the Local Government shall provide certifications as to compliance.

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

K. INSPECTOR GENERAL REVIEWS – The Local Government shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Government.

L. FALSE CLAIMS – The Local Government must promptly refer to EPA’s Inspector General any credible evidence that a principal, employee, agent, subgrantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. LIMIT ON FUNDS – The Local Government shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

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

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Government shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Government shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond funded by ARRA funds shall be designated “Series [2009] B” and shall contain “(WVCWSRF Program/ARRA)” in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$

Principal \$

Total: \$

Reserve Account: \$

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

resolution duly adopted by the Local Government on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the ARRA Assistance Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the ARRA Assistance 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 ARRA Assistance Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

- A. Series A Bonds (CWSRF Base Program)
Principal Amount of Local Bonds \$279,782
Purchase Price of Local Bonds \$279,782

The Local Bonds shall bear no interest. Commencing June 1, 2011, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

Number of New Customers to Be Served: 0
Location: N/A

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Government: Town of Wardensville Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture), dated July 25, 1980, issued in the original aggregate principal amount of \$250,000.

- B. Series B Bonds (ARRA)
Principal Amount of Local Bonds \$179,782
Purchase Price of Local Bonds \$179,782

The Local Bonds shall bear no interest. The Authority at the direction of the DEP shall forgive the principal amount of the Local Bonds. Principal forgiveness shall begin on June 1, 2011, and shall be made quarterly thereafter (March 1, June 1, September 1 and December 1 of each year) as set forth on Schedule Y attached hereto and incorporated herein by reference for a period of ten years.

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

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

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

**SCHEDULE Y
DEBT SERVICE SCHEDULES**

40 Years from Closing Date			
0% Interest Rate			
1% Administrative Fee			
	Dated Date		12/2/09
	Delivery Date		12/2/09
			Series A
Period Ending	Principal	Interest	Debt Service
12/2/09			
6/1/11	1,806		1,806
9/1/11	1,806		1,806
12/1/11	1,806		1,806
3/1/12	1,806		1,806
6/1/12	1,806		1,806
9/1/12	1,806		1,806
12/1/12	1,805		1,805
3/1/13	1,805		1,805
6/1/13	1,805		1,805
9/1/13	1,805		1,805
12/1/13	1,805		1,805
3/1/14	1,805		1,805
6/1/14	1,805		1,805
9/1/14	1,805		1,805
12/1/14	1,805		1,805
3/1/15	1,805		1,805
6/1/15	1,805		1,805
9/1/15	1,805		1,805
12/1/15	1,805		1,805
3/1/16	1,805		1,805
6/1/16	1,805		1,805
9/1/16	1,805		1,805
12/1/16	1,805		1,805
3/1/17	1,805		1,805
6/1/17	1,805		1,805
9/1/17	1,805		1,805
12/1/17	1,805		1,805
3/1/18	1,805		1,805
6/1/18	1,805		1,805
9/1/18	1,805		1,805
12/1/18	1,805		1,805
3/1/19	1,805		1,805
6/1/19	1,805		1,805
9/1/19	1,805		1,805
12/1/19	1,805		1,805
3/1/20	1,805		1,805
6/1/20	1,805		1,805
9/1/20	1,805		1,805

40 Years from Closing Date			
0% Interest Rate			
1% Administrative Fee			
Period Ending	Principal	Interest	Debt Service
12/1/20	1,805		1,805
3/1/21	1,805		1,805
6/1/21	1,805		1,805
9/1/21	1,805		1,805
12/1/21	1,805		1,805
3/1/22	1,805		1,805
6/1/22	1,805		1,805
9/1/22	1,805		1,805
12/1/22	1,805		1,805
3/1/23	1,805		1,805
6/1/23	1,805		1,805
9/1/23	1,805		1,805
12/1/23	1,805		1,805
3/1/24	1,805		1,805
6/1/24	1,805		1,805
9/1/24	1,805		1,805
12/1/24	1,805		1,805
3/1/25	1,805		1,805
6/1/25	1,805		1,805
9/1/25	1,805		1,805
12/1/25	1,805		1,805
3/1/26	1,805		1,805
6/1/26	1,805		1,805
9/1/26	1,805		1,805
12/1/26	1,805		1,805
3/1/27	1,805		1,805
6/1/27	1,805		1,805
9/1/27	1,805		1,805
12/1/27	1,805		1,805
3/1/28	1,805		1,805
6/1/28	1,805		1,805
9/1/28	1,805		1,805
12/1/28	1,805		1,805
3/1/29	1,805		1,805
6/1/29	1,805		1,805
9/1/29	1,805		1,805
12/1/29	1,805		1,805
3/1/30	1,805		1,805
6/1/30	1,805		1,805
9/1/30	1,805		1,805
12/1/30	1,805		1,805

40 Years from Closing Date
0% Interest Rate
1% Administrative Fee

Period Ending	Principal	Interest	Debt Service
3/1/31	1,805		1,805
6/1/31	1,805		1,805
9/1/31	1,805		1,805
12/1/31	1,805		1,805
3/1/32	1,805		1,805
6/1/32	1,805		1,805
9/1/32	1,805		1,805
12/1/32	1,805		1,805
3/1/33	1,805		1,805
6/1/33	1,805		1,805
9/1/33	1,805		1,805
12/1/33	1,805		1,805
3/1/34	1,805		1,805
6/1/34	1,805		1,805
9/1/34	1,805		1,805
12/1/34	1,805		1,805
3/1/35	1,805		1,805
6/1/35	1,805		1,805
9/1/35	1,805		1,805
12/1/35	1,805		1,805
3/1/36	1,805		1,805
6/1/36	1,805		1,805
9/1/36	1,805		1,805
12/1/36	1,805		1,805
3/1/37	1,805		1,805
6/1/37	1,805		1,805
9/1/37	1,805		1,805
12/1/37	1,805		1,805
3/1/38	1,805		1,805
6/1/38	1,805		1,805
9/1/38	1,805		1,805
12/1/38	1,805		1,805
3/1/39	1,805		1,805
6/1/39	1,805		1,805
9/1/39	1,805		1,805
12/1/39	1,805		1,805
3/1/40	1,805		1,805
6/1/40	1,805		1,805
9/1/40	1,805		1,805
12/1/40	1,805		1,805
3/1/41	1,805		1,805
6/1/41	1,805		1,805

40 Years from Closing Date			
0% Interest Rate			
1% Administrative Fee			
Period Ending	Principal	Interest	Debt Service
9/1/41	1,805		1,805
12/1/41	1,805		1,805
3/1/42	1,805		1,805
6/1/42	1,805		1,805
9/1/42	1,805		1,805
12/1/42	1,805		1,805
3/1/43	1,805		1,805
6/1/43	1,805		1,805
9/1/43	1,805		1,805
12/1/43	1,805		1,805
3/1/44	1,805		1,805
6/1/44	1,805		1,805
9/1/44	1,805		1,805
12/1/44	1,805		1,805
3/1/45	1,805		1,805
6/1/45	1,805		1,805
9/1/45	1,805		1,805
12/1/45	1,805		1,805
3/1/46	1,805		1,805
6/1/46	1,805		1,805
9/1/46	1,805		1,805
12/1/46	1,805		1,805
3/1/47	1,805		1,805
6/1/47	1,805		1,805
9/1/47	1,805		1,805
12/1/47	1,805		1,805
3/1/48	1,805		1,805
6/1/48	1,805		1,805
9/1/48	1,805		1,805
12/1/48	1,805		1,805
3/1/49	1,805		1,805
6/1/49	1,805		1,805
9/1/49	1,805		1,805
12/1/49	1,806		1,806
	279,782	*	279,782
*Plus a quarterly administrative fee of \$352.98 for a total Administrative expense of \$54,556.90			

10 Years			
	Dated Date	12/2/09	
	Delivery Date	12/2/09	
			Series B
Period Ending	Debt Service		Principal Forgiveness
12/2/09			
6/1/11	-4,495		-4,495
9/1/11	-4,495		-4,495
12/1/11	-4,495		-4,495
3/1/12	-4,495		-4,495
6/1/12	-4,495		-4,495
9/1/12	-4,495		-4,495
12/1/12	-4,495		-4,495
3/1/13	-4,495		-4,495
6/1/13	-4,495		-4,495
9/1/13	-4,495		-4,495
12/1/13	-4,495		-4,495
3/1/14	-4,495		-4,495
6/1/14	-4,495		-4,495
9/1/14	-4,495		-4,495
12/1/14	-4,495		-4,495
3/1/15	-4,495		-4,495
6/1/15	-4,495		-4,495
9/1/15	-4,495		-4,495
12/1/15	-4,495		-4,495
3/1/16	-4,495		-4,495
6/1/16	-4,495		-4,495
9/1/16	-4,494		-4,494
12/1/16	-4,494		-4,494
3/1/17	-4,494		-4,494
6/1/17	-4,494		-4,494
9/1/17	-4,494		-4,494
12/1/17	-4,494		-4,494
3/1/18	-4,494		-4,494
6/1/18	-4,494		-4,494
9/1/18	-4,494		-4,494
12/1/18	-4,494		-4,494
3/1/19	-4,494		-4,494
6/1/19	-4,494		-4,494
9/1/19	-4,494		-4,494
12/1/19	-4,494		-4,494
3/1/20	-4,494		-4,494
6/1/20	-4,494		-4,494
9/1/20	-4,494		-4,494
12/1/20	-4,494		-4,494
3/1/21	-4,495		-4,495
	-179,782		-179,782

Correction to Loan Agreement

On January 12, 2010 Rosalie Brodersen of the Department of Environmental Protection provided the attached revised Debt Service Schedule which corrected a typo on the Debt Service Schedule in the ARRA Assistance Agreement. The administrative fee should have reflected an amount of \$351.98 per quarter instead of \$352.98.

The corrected Debt Service Schedule has been added to the Specimen Bond and a replacement page has been delivered to the WV Water Development Authority on January 20, 2010.

Katy Mallory

From: Brodersen, Rosalie M [Rosalie.M.Brodersen@wv.gov]
Sent: Tuesday, January 12, 2010 2:02 PM
To: John Stump; Katy Mallory
Cc: Gee, Samme; White, Ryan; Sara Boardman; Grimm, Carrie L
Subject: Town of Wardensville SRF 10-27-09.xls
Attachments: Town of Wardensville SRF 10-27-09.xls

Please note that the adm fee should have reflected an amount of \$351.98 per quarter instead of \$352.98. Please change out the incorrect page and replace with this one.

Thanks.

BOND DEBT SERVICE

Town of Wardensville

40 Years from Closing Date

0% Interest Rate

1% Administrative Fee

Dated Date 12/2/2009

Delivery Date 12/2/2009

Period Ending	Principal	Interest	Series A Debt Service
12/2/2009			
6/1/2011	1,806		1,806
9/1/2011	1,806		1,806
12/1/2011	1,806		1,806
3/1/2012	1,806		1,806
6/1/2012	1,806		1,806
9/1/2012	1,806		1,806
12/1/2012	1,805		1,805
3/1/2013	1,805		1,805
6/1/2013	1,805		1,805
9/1/2013	1,805		1,805
12/1/2013	1,805		1,805
3/1/2014	1,805		1,805
6/1/2014	1,805		1,805
9/1/2014	1,805		1,805
12/1/2014	1,805		1,805
3/1/2015	1,805		1,805
6/1/2015	1,805		1,805
9/1/2015	1,805		1,805
12/1/2015	1,805		1,805
3/1/2016	1,805		1,805
6/1/2016	1,805		1,805
9/1/2016	1,805		1,805
12/1/2016	1,805		1,805
3/1/2017	1,805		1,805
6/1/2017	1,805		1,805
9/1/2017	1,805		1,805
12/1/2017	1,805		1,805
3/1/2018	1,805		1,805
6/1/2018	1,805		1,805
9/1/2018	1,805		1,805
12/1/2018	1,805		1,805
3/1/2019	1,805		1,805
6/1/2019	1,805		1,805
9/1/2019	1,805		1,805
12/1/2019	1,805		1,805
3/1/2020	1,805		1,805
6/1/2020	1,805		1,805
9/1/2020	1,805		1,805

BOND DEBT SERVICE
Town of Wardensville
40 Years from Closing Date
0% Interest Rate
1% Administrative Fee

Period Ending	Principal	Interest	Debt Service
12/1/2020	1,805		1,805
3/1/2021	1,805		1,805
6/1/2021	1,805		1,805
9/1/2021	1,805		1,805
12/1/2021	1,805		1,805
3/1/2022	1,805		1,805
6/1/2022	1,805		1,805
9/1/2022	1,805		1,805
12/1/2022	1,805		1,805
3/1/2023	1,805		1,805
6/1/2023	1,805		1,805
9/1/2023	1,805		1,805
12/1/2023	1,805		1,805
3/1/2024	1,805		1,805
6/1/2024	1,805		1,805
9/1/2024	1,805		1,805
12/1/2024	1,805		1,805
3/1/2025	1,805		1,805
6/1/2025	1,805		1,805
9/1/2025	1,805		1,805
12/1/2025	1,805		1,805
3/1/2026	1,805		1,805
6/1/2026	1,805		1,805
9/1/2026	1,805		1,805
12/1/2026	1,805		1,805
3/1/2027	1,805		1,805
6/1/2027	1,805		1,805
9/1/2027	1,805		1,805
12/1/2027	1,805		1,805
3/1/2028	1,805		1,805
6/1/2028	1,805		1,805
9/1/2028	1,805		1,805
12/1/2028	1,805		1,805
3/1/2029	1,805		1,805
6/1/2029	1,805		1,805
9/1/2029	1,805		1,805
12/1/2029	1,805		1,805
3/1/2030	1,805		1,805
6/1/2030	1,805		1,805
9/1/2030	1,805		1,805
12/1/2030	1,805		1,805

BOND DEBT SERVICE
Town of Wardensville
40 Years from Closing Date
0% Interest Rate
1% Administrative Fee

Period Ending	Principal	Interest	Debt Service
3/1/2031	1,805		1,805
6/1/2031	1,805		1,805
9/1/2031	1,805		1,805
12/1/2031	1,805		1,805
3/1/2032	1,805		1,805
6/1/2032	1,805		1,805
9/1/2032	1,805		1,805
12/1/2032	1,805		1,805
3/1/2033	1,805		1,805
6/1/2033	1,805		1,805
9/1/2033	1,805		1,805
12/1/2033	1,805		1,805
3/1/2034	1,805		1,805
6/1/2034	1,805		1,805
9/1/2034	1,805		1,805
12/1/2034	1,805		1,805
3/1/2035	1,805		1,805
6/1/2035	1,805		1,805
9/1/2035	1,805		1,805
12/1/2035	1,805		1,805
3/1/2036	1,805		1,805
6/1/2036	1,805		1,805
9/1/2036	1,805		1,805
12/1/2036	1,805		1,805
3/1/2037	1,805		1,805
6/1/2037	1,805		1,805
9/1/2037	1,805		1,805
12/1/2037	1,805		1,805
3/1/2038	1,805		1,805
6/1/2038	1,805		1,805
9/1/2038	1,805		1,805
12/1/2038	1,805		1,805
3/1/2039	1,805		1,805
6/1/2039	1,805		1,805
9/1/2039	1,805		1,805
12/1/2039	1,805		1,805
3/1/2040	1,805		1,805
6/1/2040	1,805		1,805
9/1/2040	1,805		1,805
12/1/2040	1,805		1,805
3/1/2041	1,805		1,805
6/1/2041	1,805		1,805

BOND DEBT SERVICE
Town of Wardensville
40 Years from Closing Date
0% Interest Rate
1% Administrative Fee

Period Ending	Principal	Interest	Debt Service
9/1/2041	1,805		1,805
12/1/2041	1,805		1,805
3/1/2042	1,805		1,805
6/1/2042	1,805		1,805
9/1/2042	1,805		1,805
12/1/2042	1,805		1,805
3/1/2043	1,805		1,805
6/1/2043	1,805		1,805
9/1/2043	1,805		1,805
12/1/2043	1,805		1,805
3/1/2044	1,805		1,805
6/1/2044	1,805		1,805
9/1/2044	1,805		1,805
12/1/2044	1,805		1,805
3/1/2045	1,805		1,805
6/1/2045	1,805		1,805
9/1/2045	1,805		1,805
12/1/2045	1,805		1,805
3/1/2046	1,805		1,805
6/1/2046	1,805		1,805
9/1/2046	1,805		1,805
12/1/2046	1,805		1,805
3/1/2047	1,805		1,805
6/1/2047	1,805		1,805
9/1/2047	1,805		1,805
12/1/2047	1,805		1,805
3/1/2048	1,805		1,805
6/1/2048	1,805		1,805
9/1/2048	1,805		1,805
12/1/2048	1,805		1,805
3/1/2049	1,805		1,805
6/1/2049	1,805		1,805
9/1/2049	1,805		1,805
12/1/2049	1,806		1,806
	279,782	*	279,782

*Plus a quarterly administrative fee of \$351.98 for a
total Administrative expense of \$54,556.90

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 09-0868-S-SCN
TOWN OF WARDENSVILLE

Application for a certificate of convenience and
necessity to construct improvements to the
existing wastewater system

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

AFFIDAVIT

We have reviewed the Recommended Decision of the Public Service Commission of West Virginia in Case No. 09-0868-S-SCN dated August 28, 2009 approving a \$700,000 loan from the Department of Environmental Protection at an interest rate of negative 3%, and a 1% administrative fee, and a Small Cities Block Grant in the amount of \$1,142,000, and based upon all the information that has been provided to us, to date, we are of the opinion that the rates and charges for the Town (i) are not affected by the revised funding consisting of a \$179,782 loan from the Department of Environmental Protection with 100% debt forgiveness, a \$279,782 loan from the Department of Environmental Protection with 0% interest for a term of 30 years and a 1% annual administrative fee, and a \$1,142,000 Small Cities Block Grant; and (ii) will be sufficient to provide revenues which, together with other revenues of the System, will allow us to provide the CPA certification required for the issuance of the Bonds. Further, we are of the opinion that the revised funding package is adequate to cover all project costs.

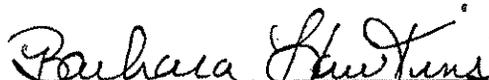
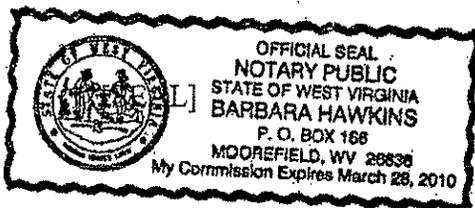
This Affidavit is executed on the 12th day of November, 2009.



R. Thomas CPA & Associates

Taken, subscribed and sworn to before me this 12th day of November, 2009.

My commission expires March 28, 2010.


Notary Public

CERTIFICATE OF SERVICE

I, Susan J. Riggs, counsel for the Town of Wardensville, do hereby certify that on this 16th day of November, 2009, a copy of Certified Public Accountant Rosalie E. Thomas's Affidavit was served upon the parties and/or counsel of record in this proceeding as follows:

VIA HAND DELIVERY

Lisa L. Wansley, Esquire
Staff Attorney
Public Service Commission
of West Virginia
201 Brooks Street
Charleston, West Virginia 25301


Susan J. Riggs (WV State Bar #8246)



SPILMAN THOMAS & BATTLE, PLLC
ATTORNEYS AT LAW

(304) 340-3867
E-mail: sriggs@spilmanlaw.com

November 16, 2009

VIA HAND DELIVERY

Ms. Sandra Squire
Executive Secretary
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25301

Re: Case No. 09-0868-S-SCN
Town of Wardensville
Application for a certificate of convenience
and necessity to construct improvements to
the existing wastewater system.

RECEIVED
2009 NOV 16 AM 11 40
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Dear Ms. Squire:

A Recommended Decision dated August 28, 2009 (Final September 17, 2009) was entered in the above-referenced proceeding which, among other things, granted the Town of Wardensville's requested certificate of convenience and necessity for its wastewater system improvements project, approved project funding, and ordered the Town of Wardensville: (i) upon finalization of the project funding package, to file a letter with the Commission detailing the specifics of that funding package, including the terms and conditions of any loans awarded, and (ii) if the funding package is revised, but still includes funds provided by The American Recovery and Reinvestment Act of 2009 ("ARRA") and does not require an additional rate increase, to submit certification from its certified public accountant or bond counsel that the revised funding package is adequate to cover all project costs and will not require any additional rate increase.

The final funding package consists of a \$179,782 ARRA loan from the Department of Environmental Protection with 100% debt forgiveness, a \$279,782 SRF loan from the Department of Environmental Protection with 0% interest for a term of 30 years and a 1% annual administrative fee, and a \$1,142,000 Small Cities Block Grant.

Enclosed for filing are an original and twelve copies of the Affidavit of Certified Public Accountant Rosalie E. Thomas certifying that the revised funding package is adequate to cover all project costs and will not affect rates and charges for the Town of Wardensville.

Ms. Sandra Squire
November 16, 2009
Page 2

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions or require additional information.

Very truly yours,



Susan J. Riggs
(WV State Bar #5246)

SJR/jeb:1873012
Enclosures



SPILMAN THOMAS & BATTLE, PLLC
ATTORNEYS AT LAW

(304) 340-3867
E-mail: sriggs@spilmanlaw.com

November 16, 2009

VIA HAND DELIVERY

Ms. Sandra Squire
Executive Secretary
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25301

Re: Case No. 09-0868-S-SCN
Town of Wardensville
Application for a certificate of convenience
and necessity to construct improvements to
the existing wastewater system.

Dear Ms. Squire:

A Recommended Decision dated August 28, 2009 (Final September 17, 2009) was entered in the above-referenced proceeding which, among other things, granted the Town of Wardensville's requested certificate of convenience and necessity for its wastewater system improvements project, approved project funding, and ordered the Town of Wardensville: (i) upon finalization of the project funding package, to file a letter with the Commission detailing the specifics of that funding package, including the terms and conditions of any loans awarded, and (ii) if the funding package is revised, but still includes funds provided by The American Recovery and Reinvestment Act of 2009 ("ARRA") and does not require an additional rate increase, to submit certification from its certified public accountant or bond counsel that the revised funding package is adequate to cover all project costs and will not require any additional rate increase.

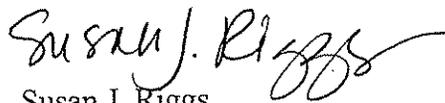
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Enclosed for filing are an original and twelve copies of the Affidavit of Certified Public Accountant Rosalie E. Thomas certifying that the revised funding package is adequate to cover all project costs and will not affect rates and charges for the Town of Wardensville.

Ms. Sandra Squire
November 16, 2009
Page 2

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions or require additional information.

Very truly yours,



Susan J. Riggs
(WV State Bar #5246)

SJR/jeb:1873012
Enclosures

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 09-0868-S-SCN
TOWN OF WARDENSVILLE

Application for a certificate of convenience and
necessity to construct improvements to the
existing wastewater system

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

AFFIDAVIT

We have reviewed the Recommended Decision of the Public Service Commission of West Virginia in Case No. 09-0868-S-SCN dated August 28, 2009 approving a \$700,000 loan from the Department of Environmental Protection at an interest rate of negative 3%, and a 1% administrative fee, and a Small Cities Block Grant in the amount of \$1,142,000, and based upon all the information that has been provided to us, to date, we are of the opinion that the rates and charges for the Town (i) are not affected by the revised funding consisting of a \$179,782 loan from the Department of Environmental Protection with 100% debt forgiveness, a \$279,782 loan from the Department of Environmental Protection with 0% interest for a term of 30 years and a 1% annual administrative fee, and a \$1,142,000 Small Cities Block Grant; and (ii) will be sufficient to provide revenues which, together with other revenues of the System, will allow us to provide the CPA certification required for the issuance of the Bonds. Further, we are of the opinion that the revised funding package is adequate to cover all project costs.

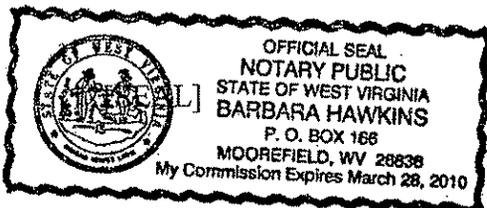
This Affidavit is executed on the 12th day of November, 2009.



R. Thomas CPA & Associates

Taken, subscribed and sworn to before me this 12th day of November, 2009.

My commission expires March 28, 2010.



Notary Public

CERTIFICATE OF SERVICE

I, Susan J. Riggs, counsel for the Town of Wardensville, do hereby certify that on this 16th day of November, 2009, a copy of Certified Public Accountant Rosalie E. Thomas's Affidavit was served upon the parties and/or counsel of record in this proceeding as follows:

VIA HAND DELIVERY

Lisa L. Wansley, Esquire
Staff Attorney
Public Service Commission
of West Virginia
201 Brooks Street
Charleston, West Virginia 25301


Susan J. Riggs (WV State Bar #5246)

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 4, 2009

CASE NO. 09-0868-S-SCN

TOWN OF WARDENSVILLE,
a municipality, Hardy County.
Application for a certificate of convenience
and necessity to construct improvements to
the existing wastewater system.

CORRECTIVE ORDER

On August 28, 2009, a Recommended Decision was entered in the above-styled and numbered proceeding, granting a certificate of convenience and necessity to the Town of Wardensville to construct improvements to its wastewater facilities. The Order additionally approved the proposed project financing package, consisting of a loan in the amount of \$700,000, from the Department of Environmental Protection, using funds provided by The American Recovery and Reinvestment Act of 2009, and a Small Cities Block grant in the amount of \$1,142,000.

On September 3, 2009, the Town of Wardensville filed a motion for a corrective order, pointing out that, in the first ordering paragraph of the decision, the total cost of the project was incorrectly stated. Accordingly, and upon consideration of all of the above, it is reasonable to correct the Recommended Decision entered on August 28, 2009.

ORDER

IT IS, THEREFORE, ORDERED that the first ordering paragraph of the Recommended Decision entered herein on August 28, 2009, be, and it hereby is, corrected to read as follows:

IT IS, THEREFORE, ORDERED that the application filed by the Town of Wardensville on May 29, 2009, for a certificate of convenience and necessity to construct improvements to its wastewater facilities, at a total cost of approximately \$1,842,000, be, and it hereby is, granted, without specifically approving the plans and specifications filed herein.

In all other respects the Recommended Decision entered on August 28, 2009, remains unchanged.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this Order upon all parties to this proceeding by United States Certified Mail, return receipt request, and upon Commission Staff by hand delivery.



Melissa K. Marland
Chief Administrative Law Judge

MKM:bam
090868aa.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: August 28, 2009

FINAL

9/17/2009

CASE NO. 09-0868-S-SCN

TOWN OF WARDENSVILLE,
a municipality, Hardy County.
Application for a certificate of convenience
and necessity to construct improvements to
the existing wastewater system.

RECOMMENDED DECISION

On May 29, 2009, the Town of Wardensville (Town) filed an application for a certificate of public convenience and necessity with the Public Service Commission, pursuant to W. Va. Code §24-2-11, for approval to construct and install improvements to its existing wastewater system, including, but not limited to, treatment plant flood protection, treatment plant capability improvements and building improvements. The Town stated that the proposed improvements were necessary to protect the pond embankments from a recurrence of being breached by flood waters, which could cause embankment damage and flush sewage and pollutants into the Cacapon River; to improve the effectiveness of the solids screening process within the treatment plant; to add aeration to improve the treatment efficiency of the system; and to convert to less hazardous chlorination and dechlorination chemical systems. The Town stated that the improvements will allow its wastewater system to achieve greater compliance with state and federal clean water regulations. The total project cost is estimated to be \$1,842,000 and is to be funded by a loan from the West Virginia Department of Environmental Protection (DEP) utilizing stimulus funding under The American Recovery and Reinvestment Act of 2009 (ARRA), consisting of a loan in the amount of \$700,000, at an interest rate of -3%, for a term of 38 years, and a Small Cities Block Grant (SCBG) in the amount of \$1,142,000. The Town estimates that no rate increase will be necessary, and it requested a waiver of the requirement to file a tariff Rule 42 exhibit. The project will not add any new customers. The Town also stated that the project would not infringe upon any other utility's service area or affect any other utility financially or otherwise.

Along with the application, the Town filed a draft Notice of Filing to be published in Hardy County; its current rates and charges, effective for all bills rendered on and after April 25, 2008; a WV NPDES permit modification issued by the DEP for the project on May 6, 2009; the commitment letter for the SCBG in the amount of \$1,142,000, dated May 12, 2006; required information regarding the Town's current wastewater

treatment plant operator; and the project plans, specifications and engineering information.

On June 4, 2009, the Town filed a revised draft Notice of Filing after consultation with Commission Staff.

By Commission Notice of Filing Order issued on June 5, 2009, the Town was directed to give notice to its customers of the filing of the application. The Order provided anyone interested with 30 days from the date of publication in which to either file a protest or a petition to intervene. The Notice also provided that, if no substantial protests to the application were received within the 30-day protest period, the Commission could waive formal hearing and grant the application based upon the evidence submitted with the application and the Commission's review thereof.

On June 8, 2009, Staff Attorney Lisa L. Wansley filed the Initial Joint Staff Memorandum herein, attached to which was the Initial Staff Internal Memorandum prepared by Utilities Analysts Billy J. Belcher and Nathan Nelson of the Water and Wastewater Division and Technical Analyst Sylvie Steranka of the Engineering Division. Commission Staff indicated that it was reviewing the application and noted that the application was incomplete. Staff listed several pieces of information it required in order to complete its review. Along with the Initial Joint Staff Memorandum, Staff Attorney Wansley filed Commission Staff's first data request to the Town of Wardensville, formally requesting the specified information.

By Commission Order entered on June 11, 2009, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before August 28, 2009.

On June 18, 2009, the Town filed an accounting exhibit which it asked to be used in lieu of a Rule 42 exhibit and again requested a waiver of the requirement to file a Rule 42 exhibit, since no rate increase was necessary to support the project.

On June 18, 2009, the Town filed its responses to the Staff's first set of data requests. Among other things, the Town filed a cash flow analysis for the fiscal year ended June 30, 2009 (projected), as well as actual data for the year ended June 30, 2008, and the 11 months ending May 31, 2009; and a letter dated June 8, 2009, from the DEP, informing the Town that it appeared to be eligible to be considered for a \$700,000 loan using ARRA funds with a -3% interest rate for a term of 38 years equaling an approximate 50% debt forgiveness, and an annual administrative fee of 1% for the amount of the loan to be repaid. Additionally, significant engineering information was filed, including a wastewater facilities plan dated September 2005, prepared by VIEW Engineering.

On June 22, 2009, the Town filed an affidavit of publication for the Notice of Filing, verifying that the Notice of Filing was published in the Moorefield Examiner, a qualified newspaper published and generally circulated in Hardy County, on June 17, 2009. The 30-day protest period expired on July 17, 2009, with no protests having been filed either as of that date or as of the date of this Order.

On June 30, 2009, the Town filed, as a supplement to its responses to the Staff data request, a draft bond ordinance for the Town relative to the ARRA loan for the project.

On July 16, 2009, the Town, through its project engineer, Dunn Engineers, Inc., filed updated estimates for the increased operation and maintenance costs associated with the proposed project.

On July 28, 2009, Staff Attorney Wansley filed the Final Joint Staff Memorandum in this proceeding, attached to which was the Final Internal Memorandum prepared by Mr. Belcher, Mr. Nelson and Ms. Steranka. Technical Staff stated that, according to a 2005 study performed by VIEW Engineering, the Town is responsible for the collection and treatment of sewage for approximately 325 customers located in the Town and in the Warden Acres subdivision of Hardy County. The waste is collected and transferred to the wastewater treatment plant via a system of gravity mains, force mains and two lift stations. The treatment facility primarily consists of an influent bar screen, two 3-acre lagoons and a chlorine disinfection chamber. The VIEW study indicated that the collection and treatment systems have an adequate capacity to meet future flows up to the year 2020. In the study, VIEW recommended raising the dike around the treatment lagoons by four feet to prevent flushing sewage and pollutants into the Cacapon River, based upon observed water elevations near the plant after Hurricane Isabelle in 2003; replacing the existing manual bar screen with a more efficient and less labor-intensive system; adding an influent flow meter to aid with the operation of the plant; replacing the existing non-functioning telescoping valve to control the levels of fluid in the treatment ponds; replacing the outfall structure, which is deteriorated, and protecting the effluent piping; installing instrumentation to monitor dissolved oxygen concentration in the plant effluent; installing safety equipment in the chlorine room; and installing fencing around one of the lift stations.

In January of 2009, Dunn Engineers reviewed the report done by VIEW and evaluated other flood protection alternatives, due to difficulties in locating suitable fill material to raise the height of the dike around the lagoons. Dunn proposed that the following work be done: install a new bar screen at the headworks of the plant to remove more material from the influent wastewater; install an aerator and baffle curtains to increase the efficiency of the lagoon and maximize the treatment area; renovate the treatment building by replacing the exterior doors, replacing the utility meters, replacing the chlorination and dechlorination system, renovating the laboratory, upgrading some electrical wiring and panels, installing a new building vent and replacing the telescoping valve to adjust the chlorine level of the contact tank; and add flood protection by lowering the entrance roadway, installing a large arch drain under the roadway, protecting the dikes of the lagoon by installing Gabion mattresses along the exterior edges of the dike embankment and along the roadway and installing riprap along the entire length of the interior banks of the lagoon. The project is estimated to cost \$1,842,000 and is to be funded with the ARRA loan in the amount of \$700,000 and the SCBG in the amount of \$1,142,000.

According to Technical Staff, due to the funding of the project, consisting of approximately 90% grant funding, the proposed work will not be inconvenient. Staff acknowledged that some of the work was needed to

replace worn out equipment in the building which houses the office, a laboratory, flow recording equipment and a chlorine disinfection chamber. However, Staff was of the opinion that the need for the work involving the lagoons and the access road had not been adequately demonstrated. The project engineer claimed that the baffles and aerators are needed to improve the performance of the lagoons and to prevent short circuiting of the treatment area, but it also stated that the effluent limits included in the NPDES permit will not be changed after the project. According to Staff, sludge depths taken by VIEW on July 2, 2005, do not clearly demonstrate areas in the lagoons that are short-circuited. The report done by VIEW indicated that the dikes around the lagoons needed to be raised by four feet to prevent flood water, silt and debris from entering the lagoons and to prevent flushing of sewage and pollutants into the Cacapon River, based on the observations after Hurricane Isabelle. Dunn is planning to install Gabion mattresses on the outside wall of the dike around the lagoons and along the access road. However, this installation will only raise the elevation of the dike by about six inches, although it will provide some scour protection during a major flood event. According to Technical Staff, Dunn has not documented the amount of erosion that occurred during the last flooding event or events. Dunn is also proposing to modify the entrance roadway to act as a spillway during flooding events by lowering the elevation of the road, reinforcing the out slopes with the placement of Gabion mattresses, paving the road with concrete and installing a culvert.

Technical Staff noted that the engineering cost represents 19.5% of the total cost and 28.8% of the construction cost. Staff believes that the engineering costs are extremely high. The yearly operation and maintenance costs are expected to increase by \$4,600 to account for power costs to run the new aerator and bar screen and for maintenance and renewal and replacement of several items.

The Town operates and maintains its existing wastewater collection system and 0.12 MGD treatment plant under NPDES Permit No. WV0045501 issued by the DEP. The upgrade proposed in this project has been reviewed by the Office of Environmental Health Services, which issued Permit No. 18,281, covering the installation of a mechanical bar screen; the addition of a 5-hp aerator in Lagoon No. 1; the addition of baffles in both lagoons; replacement of the chlorination and dechlorination systems with liquid chlorine and sodium bi-sulfite chemical feed equipment; the installation of riprap on the interior wall of the lagoons; the installation of Gabion mattresses on the outside walls of both lagoons; building improvements; and modifications of the treatment plant entrance roadway. Engineering Staff has completed a review of the plans, specifications and other technical documents provided by the Town and, based upon that review, finds no apparent conflicts with the Commission's Rules for the Government of Sewer Utilities (Sewer Rules). Since the project is 90% grant funded, and in the spirit of the Commission's General Order 182.09, discussing ARRA projects, Engineering Staff recommended approval of the project without specifically approving the project plans and specifications.

Financial Staff noted that the Town's current rates were effective for service rendered on and after April 25, 2008. Upon evaluation of the projected \$4,600 increase in O&M expenses, Staff removed \$1,600 of those expenses that were non-recurring. Staff increased O&M expenditures by

\$1,456 for the administrative fee that the Town will incur as a result of the ARRA funding. Based on the current level of rates and the project adjustments, Staff's cash flow analysis indicated that, after project completion, the Town should experience a cash flow surplus of \$232 and debt service coverage of 120.58%. Financial Staff noted that, while the Town's cash flow is positive and the debt service coverage exceeds 115%, the Town should monitor its financial position closely, so that it does not find itself in a cash deficit position or below the required 115% debt service coverage.

In summary, Commission Staff recommended that the Town be granted a certificate of convenience and necessity; that the proposed project funding be approved; and that certain other conditions regarding the project be approved. Commission Staff recommended that the Town consider renegotiating the total engineering fees associated with the project to a more appropriate range of 13% to 15% of construction costs.

DISCUSSION

The Project at issue herein, in and of itself, is not remarkable and appears to be justified. There is adequate proof of need to support the conclusion that the public convenience and necessity require the Project and that the Project appears to be economically and financially viable, based upon the proposed ARRA funding and the Town's current sewer rates and charges. This Project is remarkable because it is one of the SCN applications created by the Public Service Commission in General Order No. 182.09, issued on April 16, 2009. In that General Order, the Commission discussed the process to be followed for water and sewer certificate projects that are to be funded with stimulus funds under the ARRA.¹ The Commission noted that the State Bureau for Public Health will have approximately 19.5 million dollars in federal stimulus funds for water projects, while the DEP will have approximately 61 million dollars for sewer projects. Those projects have to be bid by August 2009 and the contracts awarded by October 2009. The economic stimulus projects are made more complicated by the fact that the funding agencies overseeing the distribution of economic stimulus funds will not be finally awarding those funds through a traditional commitment letter until approximately August or September of 2009. Economic stimulus money is awarded on a "first come, first served" basis and there is no guarantee that any project which received a letter from either DEP or the Bureau for Public Health, indicating that a project was eligible for certain level of ARRA funding, will actually receive the originally specified level of ARRA funding, or any ARRA funding at all.

In General Order No. 182.09, the Commission determined that, for already certificated municipal water or sewer projects whose funding packages will change due to the award of ARRA funds, a municipality need not petition the Commission to reopen the certificate proceeding for

¹While the availability of ARRA funding has generated a flurry of SCN certificate filings with accelerated timelines, there has been no statutory change in the West Virginia Code to accommodate the ARRA funding. For the purposes of W. Va. Code § 24-2-11, ARRA funding is no different from any other funding.

approval of that revised financing, but, instead, can simply file a letter with the Commission, as a closed entry, detailing the new financing package, with no further Commission action.

Traditionally, orders granting certificates of convenience and necessity to municipally-operated public utilities have specifically approved the funding package proposed for the municipal water or sewer project and have required that the municipally-operated public utility file a petition to reopen the proceeding to obtain Commission approval of any changes to project financing only in the event that project costs change and rates are affected, either requiring increases or decreases. That process is being retained in large part for municipal projects using ARRA funds, since that process provides a reasonable, and streamlined, means of addressing the timing problems associated with ARRA projects, i.e., the financing will not be finally committed until sometime in August or September of 2009 and contracts must be awarded on or before October 1, 2009. The biggest difference is the approval of project financing that has not been committed. To further accommodate the timing constraints of ARRA, essentially, the determination is being made in advance that any funding package that includes ARRA funds is reasonable, so that changes to an ARRA funding package do not require additional review, unless rates have to be increased.

Despite the ARRA constraints, the Public Service Commission has an obligation with regard to any certificate application, whether it is filed by a private utility, a public service district or a municipality, to insure that the project is economically feasible and financially viable, which includes guaranteeing that there is adequate financing to fund the proposed project. See, Town of Man and Man Water Works, Inc., Case No. 81-433-W-PC, Order Affirming Hearing Examiner's Decision, April 16, 1982, 69 ARPSCWV 1893; Ohio County Public Service District, Case No. 82-482-S-CN, Order Affirming Hearing Examiner's Decision Without Prejudice, April 8, 1983, 70 ARPSCWV 2049. See also, Sexton v. Public Service Commission, 188 W. Va. 305, 423 S.E.2d 914, (1992). Accordingly, the Town must reopen this proceeding for Commission review and approval of project changes which generate rate changes, with the clarification that this requirement will apply only to rate increases. Further, it is reasonable to include an ordering paragraph prohibiting the municipally-operated public utility from commencing construction, unless it has secured adequate funding to cover all project costs, as those costs have been determined upon the conclusion of the bidding process and after bids have been awarded for all of the construction contracts associated with the project, and to file that information with the Commission. The Town will be required to file with the Commission a letter detailing the final funding package for this project upon that information being known, along with the bid tabulations for each construction contract to be awarded for the project. Those filings should be made as closed entries and should not be treated as petitions to reopen.

In the event that, after the filing of the letter by the municipally-operated public utility providing the details of the finalized funding package for the certificated project, Commission Staff concludes, based upon its own independent analysis, that either the specified funding package or the municipal rates are insufficient to cover all project costs, it will be the obligation of Commission Staff to petition the Public Service Commission to reopen the municipal certifi-

cate proceeding for the purpose of reviewing the financial viability of the certificated project.

As with all certificate applications filed with the Commission, in the event that the project scope changes, or changes in project cost and/or financing require a further rate increase, or if the Town ultimately receives no ARRA funding, the Town will be required to file a petition to reopen this matter, to allow the Commission to assess the nature of the project changes, both to determine if they are adequately funded and to determine if those changes are appropriate and not in conflict with any state laws or Commission rules, and to insure that funding package and associated rates support the economic feasibility and financial viability of the project.

FINDINGS OF FACT

1. On May 29, 2009, the Town of Wardensville filed an application with the Public Service Commission for a certificate of public convenience and necessity to construct and install improvements to the existing wastewater system, including, but not limited to, treatment plant flood protection, treatment plant capability improvements and building improvements. The project has been approved by the West Virginia Infrastructure and Jobs Development Council. (See, application filed May 29, 2009; Final Joint Staff Memorandum and attachment filed July 28, 2009).

2. By Notice of Filing Order entered on June 5, 2009, the Town of Wardensville was required to publish a Notice of Filing one time in a newspaper, published and generally circulated in Hardy County, providing anyone affected by the application thirty (30) days in which to file written protests with the Public Service Commission. No protests were filed within the thirty-day protest period or as of the date of this Order. (See, Notice of Filing Order entered June 5, 2009; affidavit of publication filed June 22, 2009; case file generally).

3. The Town has received a letter from the West Virginia Department of Environmental Protection, informing it that the Project is eligible to be considered for an award of economic stimulus funds, under The American Recovery and Reinvestment Act of 2009, with said funding to be in the form of a \$700,000 loan, with a -3% interest rate for a term of 38 years, which equals an approximate 50% debt forgiveness. There will also be an annual administrative fee in the amount of 1% for the amount of the loan to be repaid. The Town will also receive a \$1,142,000 SCBG. (See, SCBG commitment letter filed May 29, 2009; DEP letter dated June 8, 2009, filed June 18, 2009).

4. DEP has reviewed and approved the plans and specifications for the Project. (See, DEP letter and permit dated May 6, 2009, and filed May 29, 2009).

5. The Project will not require a rate increase. In 2008, the Town enacted a rate increase to become effective for all service rendered on and after April 25, 2008. Based upon the Town's current rates, and with adjustment by Commission Staff for different expenses, the Town should experience a cash flow surplus of \$232, with debt service coverage of

120.58%. (See, Final Joint Staff Memorandum and attachment filed July 28, 2009).

6. Commission Technical Staff has reviewed the original plans and specifications for the Project and has concluded that there are no conflicts with the Commission's Sewer Rules concerning engineering requirements. (See, Final Joint Staff Memorandum and attachment filed July 28, 2009).

7. The project is designed to remove more material from the influent wastewater; increase the efficiency of the lagoon and maximize the treatment area; provide additional flood protection by lowering the entrance roadway to function as a spillway during flood events; and protecting the lagoon dikes by the installation of Gabion mattresses and riprap. The project will also renovate the building that houses the laboratory and chlorine disinfection system and replace worn-out equipment. (See, Final Joint Staff Memorandum and attachment filed July 28, 2009).

8. After concluding its review, Commission Staff recommended that a certificate of convenience and necessity be granted to the Town of Wardensville, that the proposed ARRA financing be approved and that various other conditions with regard to certification of the project be adopted. (See, Final Joint Staff Memorandum and attachment filed July 28, 2009).

CONCLUSIONS OF LAW

1. The Public Service Commission is empowered to require all public utilities, including municipally-operated public utilities, to demonstrate that a proposed water or sewer project is economically feasible and financially viable by demonstrating that they have secured adequate funding to cover all project costs, as those project costs are determined to be at the conclusion of the bidding process, and that the resulting rates are just, reasonable, applied without unjust discrimination or preference and based primarily on the cost of providing service. See, W. Va. Code §24-2-4b; State ex. rel. Public Service Commission v. Town of Fayetteville, 212 W. Va. 427, 573 S.E.2d 338 (2002); Town of Man and Man Water Works, Inc., Case No. 81-433-W-PC, Order Affirming Hearing Examiner's Decision, April 16, 1982, 69 ARPSCWV 1893; Ohio County Public Service Commission, Case No. 82-482-S-CN, Order Affirming Hearing Examiner's Decision Without Prejudice, April 8, 1983, 70 ARPSCWV 2049. See also, Sexton v. Public Service Commission, 188 W. Va. 305, 423 S.E.2d 914, (1992).

2. In order to accommodate the unique timing issues involving the economic stimulus funds provided under The American Recovery and Reinvestment Act of 2009, and recognizing that these funds are available for a short period on a one-time only basis, it is reasonable to modify some of the Commission's traditional requirements regarding certificate applications, as set forth in the ordering paragraphs of this decision.

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

4. The current rates and charges of the Town of Wardensville appear to be sufficient to cover all project-related costs, as well as the Town's going-level operation and maintenance expenses.

5. The proposed funding package for the project, consisting of a DEP loan of ARRA funds in the amount of \$700,000, at an interest rate of negative 3% with a 1% annual administrative fee, and an SCBG in the amount of \$1,142,000, is reasonable and is sufficient to cover the cost of the project, at its current cost estimates.

6. Because ARRA funds represent an additional one-time infusion of capital for West Virginia water and sewer projects, with extremely favorable terms, it is reasonable to conclude that any funding package which includes ARRA funds is convenient to the public, without further review, as long as rates do not have to be increased to support funding revisions made after a certificate is granted.

7. A certificate of convenience and necessity should be granted to the Town of Wardensville for the project specified herein, without specifically approving the project's plans and specifications.

ORDER

IT IS, THEREFORE, ORDERED that the application filed by the Town of Wardensville on May 29, 2009, for a certificate of convenience and necessity to construct improvements to its wastewater facilities, at a total cost of approximately \$1,475,500, be, and it hereby is, granted, without specifically approving the plans and specifications filed herein.

IT IS FURTHER ORDERED that the proposed project financing package, consisting of a loan in the amount of \$700,000 from the Department of Environmental Protection, at an interest rate of negative 3%, and a 1% annual administrative fee, using funds provided by The American Recovery and Reinvestment Act of 2009, and a Small Cities Block Grant in the amount of \$1,142,000, be, and it hereby is, approved. Upon finalization of the funding package, the Town of Wardensville shall file a letter with the Commission detailing the specifics of that funding package, including the terms and conditions of any loans awarded. If the funding package is revised, but still includes ARRA funds, the Town is not required to petition the Commission for approval of that revised project financing, as long as the revised ARRA funding package does not require an additional rate increase. It will be sufficient for the Town to file the revised funding commitment documentation, along with a certification from its certified public accountant or bond counsel that the revised funding package is adequate to cover all project costs and will not require any additional rate increase.

IT IS FURTHER ORDERED that, if the project scope changes, if project costs or financing require a rate increase beyond the rates reviewed in this application, or if, ultimately, the Town of Wardensville does not receive any ARRA funding, the Town of Wardensville petition the Commission for approval of such change(s) prior to commencing construction.

IT IS FURTHER ORDERED that the Town of Wardensville cannot proceed to construction unless and until it has received all required federal,

state and local permits, and unless the finally-awarded ARRA funding package is adequate to cover all project costs, as determined at the conclusion of the bidding process with a bid awarded for each construction contract or vendor contract for the project.

IT IS FURTHER ORDERED that the Town of Wardensville provide a copy of the engineer's certified tabulation of bids, within ten (10) days of the bid opening date, for each construction contract or vendor contract to be awarded for this project.

IT IS FURTHER ORDERED that the Town of Wardensville provide a copy of the certification of substantial completion for each contract associated with this project, within ten (10) days of issuance.

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

IT IS FURTHER ORDERED that the Town's request for a waiver of the requirement to file a Tariff Rule 42 exhibit is granted.

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

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

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

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

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



Melissa K. Marland
Chief Administrative Law Judge

MKM:cdk
090868a.wpd



SPILMAN THOMAS & BATTLE, PLLC

ATTORNEYS AT LAW

Direct Dial: 304.340.3867
e-mail: sriggs@spilmanlaw.com

June 22, 2009

VIA HAND DELIVERY

Ms. Sandra Squire
Executive Secretary
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25301

RECEIVED
09 JUN 22 AM 10:47
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

Re: Case No. 09-0868-S-SCN
Town of Wardensville

Dear Ms. Squire:

By Order issued June 5, 2009 in the above-referenced matter, the Town of Wardensville was ordered to publish a Notice of Filing once in a newspaper published and of general circulation in Hardy County.

Enclosed for filing are an original and twelve copies of the affidavit of publication reflecting that the "Notice of Filing" was published in *The Moorefield Examiner* on June 17, 2009.

Please do not hesitate to contact me if you have any questions concerning this filing.

Very truly yours,

Susan J. Riggs
(WV State Bar #5246)

SJR/src:1579997

Enclosures

cc: Lisa L. Wansley, Esquire

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 5th day of June 2009.
Case No. 09-0868-S-SCN
Town of Wardensville
Application for a certificate of convenience and necessity to construct improvements to the existing wastewater system.

NOTICE OF FILING

On May 29, 2009, the Town of Wardensville ("Town") filed an application, duly verified, for a Certificate to upgrade its existing wastewater system. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

The Town estimates that the project will cost approximately \$1,842,000.00. It is proposed that the project will be financed by a West Virginia Department of Environmental Protection State Revolving Fund ARRA Stimulus Funding Loan in the amount of \$700,000.00 at an interest rate of .3% and for a term of not more than 40 years, and a Small Cities Block Grant in the amount of \$1,142,000.00.

The Town's existing wastewater rates are adequate to support the project, it is not requesting an increase in rates in this certificate case. The Town's existing wastewater rates are:

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial sewer service.

RATE

First	2,000 gallons used per month	\$8.48 per 1,000 gallons
Next	3,000 gallons used per month	\$6.83 per 1,000 gallons
Next	5,000 gallons used per month	\$5.45 per 1,000 gallons
All Over 10,000 gallons used per month		\$5.24 per 1,000 gallons

MINIMUM-MONTHLY BILL

No monthly bill shall be rendered for less than \$16.96.

FLAT RATE FOR UNMETERED CUSTOMERS \$39.85

CONNECTION CHARGE

5/8 inch meter	\$ 900.00
3/4 inch to 1-1/2 inch meter	\$1,500.00
2 inch meter and larger	\$2,000.00

DISCONNECT-RECONNECT/ADMINISTRATIVE FEES

Disconnection Fee:	\$20.00
Reconnection Fee:	\$20.00
Administrative Fee:	\$20.00

*This fee is applicable when an employee is dispatched to said premises to execute a termination request but does not actually terminate water service because the customer or other responsible party delivers payment to the full amount of the delinquent bill(s).

DELAYED PAYMENT PENALTY

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

EXCISE TAX

2% of gross amount

RETURNED CHECK CHARGE

Whenever a check is returned for insufficient funds, a service charge of actual cost to the utility (not to exceed \$25.00) shall be charged.

SECURITY DEPOSITS - \$50.00

LEAK ADJUSTMENT INCREMENT

An incremental charge of \$0.16 per M gallons shall be charged for all sewer billed in excess of the customer's historic usage.

SURCHARGE FORMULA TO BE APPLIED IN THE CASES OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$Ci = VoVi + BoBi + SoSi$	charge to unusual users per year
Vo	average unit cost of transport and treatment
Vi	volume of wastewater from unusual users, in gallons per year
Bo	average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD), in dollars per pound
Bi	weight of BOD from unusual users, in pounds per year
So	average unit cost of treatment (including sludge treatment) chargeable to total solids, in dollars per pound
Si	weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgment of the Town of Wardensville should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Town of Wardensville records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user; or refund given by the Town of Wardensville as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

CAPACITY IMPROVEMENT CAPITAL COST FEE

In addition to all the fees provided above, there shall be paid to the Town at the time the application is made for connection of an unserved facility to the sewer system a capacity improvement capital cost fee of \$2,800 for each residential connection. Connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth herein. The funds collected from the capacity improvement capital cost fees shall be maintained in a separate fund by the Sewer System and shall be used only for the purpose of improving the sewer system treatment facilities. The usage equivalent for other than single family residential units for the capacity improvement capital cost fee shall be based upon the following residential usage equivalent multiplier:

RESIDENTIAL USAGE EQUIVALENTS FOR CAPACITY IMPROVEMENT CAPITAL COST FEE

UNIT	GALLONS PER DAY	RESIDENTIAL USAGE EQUIVALENT
Apartments	150/unit	1.0/unit
Bowling Alleys	200/alley	1.33/alley
Churches with kitchen	8/member	0.05/member
Churches w/o kitchen	2/member	0.013/member
Food Service	32/seat	0.213/seat
Fast Food Restaurant	65/seat	0.43/seat
Bar & Cocktail Lounge (additive)	2/patron	0.013/patron
Tavern/Little bit of food	20/seat	0.132/per seat
Hotel	120/room	0.8/per room
Industry, sanitary	15/person/shift	0.1/person/shift
Institutions:		
Hospital	250/bed	1.67/bed
Nursing Homes	150/bed	1.0/bed
Others	75/person	0.5/person
Office Buildings	16/person	0.1/person
Laundry Self Service	150/washer	1.07/washer
Motels	120/room	0.8/room
Retail Stores	400/retail room	2.67/retail room
Residence	150/residence	1.0/residence
School		
Day with cafeteria/showers	15/publ	0.1/publ
Day with cafeteria	8/publ	0.072/publ
Day with cafeteria/showers	20/publ	0.133/publ
Boarding	75/publ	0.5/publ
Service Station	500/set of pumps	3.33/set of pumps
Shopping Centers	16/100 ft. of sales area	0.12/100 ft. of sales area
Swimming Pools	10/swimmer/design	0.067/swimmer/design
Theaters	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the town shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

The requested rates and charges are only a proposal and are subject to change (increase or decrease) by the Public Service Commission in its review of this filing.

Pursuant to 24-2-31 WV Code, IT IS ORDERED that the Town of Wardensville give notice of the filing of said application by publishing a copy of this order in a newspaper duly qualified by the Secretary of State, published and of general circulation in Hardy County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P. O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if there is no substantial protest to the Application received within said thirty day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:
Sandra Squire
Executive Secretary

AFFIDAVIT OF PUBLICATON

Cost of Publication \$271.26

State of West Virginia
County of Hardy, to wit:

I, David Ogden Heishman, being first sworn upon my oath, do depose and say that I am Secretary of the R. E. Fisher Company, a corporation, and publisher of the newspaper entitled THE MOOREFIELD EXAMINER, a Democratic newspaper; that I have been duly authorized by the Board of Directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published twice weekly on Wednesdays and Saturdays, for at least fifty weeks during a calendar year, in the municipality of Moorefield, Hardy County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended within the publication area or areas of aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial, and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

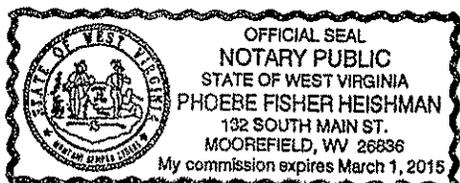
notice of Filing for Town of Wardensville – Sewer Project

was duly published in said newspaper once a week for 1 successive

weeks, commencing with the issue of 17 day of June, 2009,

and ending with the issue of the _____ day of _____,

(and was posted at the NA on the _____ day of _____, 20_____.



/S/ David Ogden Heishman
David Ogden Heishman, Publisher
The Moorefield Examiner

Taken, subscribed and sworn to before me in my said county this 17 day of June, 2009.

My commission expires March 1, 2015.

/S/ Phoebe Fisher Heishman
Notary Public of Hardy County, WV

West Virginia Infrastructure & Jobs Development Council

Public Members:

Mark Prince
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

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

Katy Mallory, PE

Executive Director
Katy.Mallory@verizon.net

May 10, 2005

The Honorable Tracey Miller
Mayor, Town of Wardensville
P.O. Box 7
Wardensville, West Virginia 26851

Re: Town of Wardensville
Binding Commitment
Wastewater Project 2000S-523

Dear Mayor Miller:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Town of Wardensville's (the "Town") preliminary application to provide flood proofing improvements to the wastewater treatment plant (the "Project"). The Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act.

The Council provides this binding offer of an Infrastructure Fund loan of approximately \$382,250 (the "Loan") to the Town for the Project. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the Town has received acceptable bids for the Project. The Council will set aside a portion of the Infrastructure Fund to make the Loan upon the Town's compliance with the program requirements.

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

- a. File Certificate Case with the Public Service Commission no later than March 1, 2006;
 - b. Advertise for bids no later than November 1, 2006.
- (NOTE: The Town must receive authority from the Infrastructure Council before bidding the project.)

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

Tracey Miller
May 10, 2005
Page 2

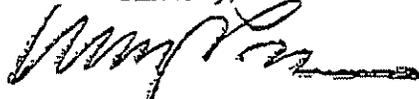
If the Town becomes aware that it will not meet one or more of the above schedule dates, the Town should immediately notify the Council of this fact and the circumstances which have caused or will cause the Town to be unable to meet the schedule. In addition, please immediately notify the Council if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

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

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

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

Sincerely,



Mark Prince

MP/km
Attachments

cc: Sammie Gee, Esq., Jackson Kelly
Larry Johnson, Chester Engineers
Region VIII Planning & Development Council
Debbie Legg, WVDO

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

Town of Wardensville

By: Tracey Miller

Its: MAYOR

Date: 5-15-2005

TOWN OF WARDENSVILLE

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 2nd day of December, 2009, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the Town of Wardensville (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 2nd day of December 2009, the Authority received the Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), of the Issuer, in the principal amount of \$279,782, numbered AR-1 (the "Series 2009 A Bonds") and the Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, in the principal amount of \$179,782, numbered BR-1 (the "Series 2009 B Bonds"), each issued as a single, fully registered Bond, and each dated December 2, 2009.

2. At the time of such receipt, all the Series 2009 A Bonds and the Series 2009 B Bonds had been executed by the Mayor and the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2009 A Bonds, of \$-0-, being a portion of the principal amount of the Series 2009 A Bonds. The balance of the principal amount of the Series 2009 A Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2009 B Bonds, of \$26,000, being a portion of the principal amount of the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B Bonds will be advanced by the Authority and by the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Carol A. Cummings
Its: Authorized Representative

TOWN OF WARDENSVILLE

By: [Signature]
Its: Mayor

11.03.09
940540.00004

TOWN OF WARDENSVILLE

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith on this 2nd day of December, 2009.

(1) Bond No. AR-1, constituting the entire original issue of the Town of Wardensville Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), in the principal amount of \$279,782 (the "Series 2009 A Bonds") and Bond No. BR-1, constituting the entire original issue of the Town of Wardensville Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), in the principal amount of \$179,782 (the "Series 2009 B Bonds"), both dated December 2, 2009 (collectively, the "Series 2009 Bonds"), executed by the Mayor and the Recorder of the Town of Wardensville (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on September 8, 2009, and a Supplemental Resolution duly adopted by the Issuer on November 10, 2009 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of an ARRA Assistance Agreement for the Series 2009 Bonds, dated December 2, 2009, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the ARRA Assistance Agreement and the Series 2009 Bonds.

You are hereby requested and authorized to deliver the Series 2009 A Bonds to the Authority upon payment to the Issuer of the sum of \$-0-, representing a portion of the principal amount of the Series 2009 A Bonds. You are further hereby requested and authorized to deliver the Series 2009 B Bonds to the Authority upon payment to the Issuer of the sum of \$26,000, representing a portion of the principal amount of the Series 2009 B Bonds. Prior to such delivery of the Series 2009 Bonds, you will

please cause the Series 2009 Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

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Dated as of the day and year first written above.

TOWN OF WARDENSVILLE

By: 
Its: Mayor

11.03.09
940540.00004

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF WARDENSVILLE
SEWER REVENUE BONDS, SERIES 2009 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$279,782

KNOW ALL MEN BY THESE PRESENTS: That on the 2nd day of December, 2009, TOWN OF WARDENSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Hardy County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of TWO HUNDRED SEVENTY-NINE THOUSAND SEVEN HUNDRED EIGHTY TWO DOLLARS (\$279,782), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2011, to and including December 1, 2049 as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2011, as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority, and the DEP, dated December 2, 2009.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 8, 2009, and a Supplemental Resolution duly adopted by the Issuer on November 10, 2009 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation

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

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 25, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000 (THE "SERIES 1979 BONDS" OR THE "PRIOR BONDS") AND THE SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED DECEMBER 2, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$179,782, (THE "SERIES 2009 B BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and the Series 2009 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2009 A Bonds (the "Series 2009 A Bonds Reserve Account"), and unexpended proceeds of the Series 2009 A Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 A Bonds Reserve Account and unexpended proceeds of the Series 2009 A Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Series 2009 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 A Bonds including the Series 2009 B Bonds and the Prior Bonds; provided however, that, so long as there exists in the Series 2009 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2009 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Bonds, including the Series 2009 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

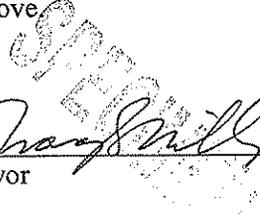
IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond,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

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

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

[SEAL]




Mayor

ATTEST:




Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 2, 2009.

THE HUNTINGTON NATIONAL BANK
as Registrar

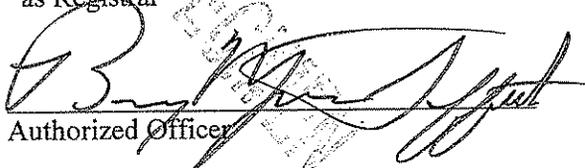

Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$-0-	December 2, 2009	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE
 Town of Wardensville
 40 Years from Closing Date
 0% Interest Rate
 1% Administrative Fee

Dated Date 12/2/2009
 Delivery Date 12/2/2009

Period Ending	Principal	Interest	Series A Debt Service
12/2/2009			1,806
6/1/2011	1,806		1,806
9/1/2011	1,806		1,806
12/1/2011	1,806		1,806
3/1/2012	1,806		1,806
6/1/2012	1,806		1,806
9/1/2012	1,806		1,805
12/1/2012	1,805		1,805
3/1/2013	1,805		1,805
6/1/2013	1,805		1,805
9/1/2013	1,805		1,805
12/1/2013	1,805		1,805
3/1/2014	1,805		1,805
6/1/2014	1,805		1,805
9/1/2014	1,805		1,805
12/1/2014	1,805		1,805
3/1/2015	1,805		1,805
6/1/2015	1,805		1,805
9/1/2015	1,805		1,805
12/1/2015	1,805		1,805
3/1/2016	1,805		1,805
6/1/2016	1,805		1,805
9/1/2016	1,805		1,805
12/1/2016	1,805		1,805
3/1/2017	1,805		1,805
6/1/2017	1,805		1,805
9/1/2017	1,805		1,805
12/1/2017	1,805		1,805
3/1/2018	1,805		1,805
6/1/2018	1,805		1,805
9/1/2018	1,805		1,805
12/1/2018	1,805		1,805
3/1/2019	1,805		1,805
6/1/2019	1,805		1,805
9/1/2019	1,805		1,805
12/1/2019	1,805		1,805
3/1/2020	1,805		1,805
6/1/2020	1,805		1,805
9/1/2020	1,805		1,805

BOND DEBT SERVICE
Town of Wardensville
40 Years from Closing Date
0% Interest Rate
1% Administrative Fee

Period Ending	Principal	Interest	Debt Service
12/1/2020	1,805		1,805
3/1/2021	1,805		1,805
6/1/2021	1,805		1,805
9/1/2021	1,805		1,805
12/1/2021	1,805		1,805
3/1/2022	1,805		1,805
6/1/2022	1,805		1,805
9/1/2022	1,805		1,805
12/1/2022	1,805		1,805
3/1/2023	1,805		1,805
6/1/2023	1,805		1,805
9/1/2023	1,805		1,805
12/1/2023	1,805		1,805
3/1/2024	1,805		1,805
6/1/2024	1,805		1,805
9/1/2024	1,805		1,805
12/1/2024	1,805		1,805
3/1/2025	1,805		1,805
6/1/2025	1,805		1,805
9/1/2025	1,805		1,805
12/1/2025	1,805		1,805
3/1/2026	1,805		1,805
6/1/2026	1,805		1,805
9/1/2026	1,805		1,805
12/1/2026	1,805		1,805
3/1/2027	1,805		1,805
6/1/2027	1,805		1,805
9/1/2027	1,805		1,805
12/1/2027	1,805		1,805
3/1/2028	1,805		1,805
6/1/2028	1,805		1,805
9/1/2028	1,805		1,805
12/1/2028	1,805		1,805
3/1/2029	1,805		1,805
6/1/2029	1,805		1,805
9/1/2029	1,805		1,805
12/1/2029	1,805		1,805
3/1/2030	1,805		1,805
6/1/2030	1,805		1,805
9/1/2030	1,805		1,805
12/1/2030	1,805		1,805

BOND DEBT SERVICE
Town of Wardensville
40 Years from Closing Date
0% Interest Rate
1% Administrative Fee

Period Ending	Principal	Interest	Debt Service
			1,805
3/1/2031	1,805		1,805
6/1/2031	1,805		1,805
9/1/2031	1,805		1,805
12/1/2031	1,805		1,805
3/1/2032	1,805		1,805
6/1/2032	1,805		1,805
9/1/2032	1,805		1,805
12/1/2032	1,805		1,805
3/1/2033	1,805		1,805
6/1/2033	1,805		1,805
9/1/2033	1,805		1,805
12/1/2033	1,805		1,805
3/1/2034	1,805		1,805
6/1/2034	1,805		1,805
9/1/2034	1,805		1,805
12/1/2034	1,805		1,805
3/1/2035	1,805		1,805
6/1/2035	1,805		1,805
9/1/2035	1,805		1,805
12/1/2035	1,805		1,805
3/1/2036	1,805		1,805
6/1/2036	1,805		1,805
9/1/2036	1,805		1,805
12/1/2036	1,805		1,805
3/1/2037	1,805		1,805
6/1/2037	1,805		1,805
9/1/2037	1,805		1,805
12/1/2037	1,805		1,805
3/1/2038	1,805		1,805
6/1/2038	1,805		1,805
9/1/2038	1,805		1,805
12/1/2038	1,805		1,805
3/1/2039	1,805		1,805
6/1/2039	1,805		1,805
9/1/2039	1,805		1,805
12/1/2039	1,805		1,805
3/1/2040	1,805		1,805
6/1/2040	1,805		1,805
9/1/2040	1,805		1,805
12/1/2040	1,805		1,805
3/1/2041	1,805		1,805
6/1/2041	1,805		1,805

BOND DEBT SERVICE
Town of Wardensville
40 Years from Closing Date
0% Interest Rate
1% Administrative Fee

Period Ending	Principal	Interest	Debt Service
9/1/2041	1,805		1,805
12/1/2041	1,805		1,805
3/1/2042	1,805		1,805
6/1/2042	1,805		1,805
9/1/2042	1,805		1,805
12/1/2042	1,805		1,805
3/1/2043	1,805		1,805
6/1/2043	1,805		1,805
9/1/2043	1,805		1,805
12/1/2043	1,805		1,805
3/1/2044	1,805		1,805
6/1/2044	1,805		1,805
9/1/2044	1,805		1,805
12/1/2044	1,805		1,805
3/1/2045	1,805		1,805
6/1/2045	1,805		1,805
9/1/2045	1,805		1,805
12/1/2045	1,805		1,805
3/1/2046	1,805		1,805
6/1/2046	1,805		1,805
9/1/2046	1,805		1,805
12/1/2046	1,805		1,805
3/1/2047	1,805		1,805
6/1/2047	1,805		1,805
9/1/2047	1,805		1,805
12/1/2047	1,805		1,805
3/1/2048	1,805		1,805
6/1/2048	1,805		1,805
9/1/2048	1,805		1,805
12/1/2048	1,805		1,805
3/1/2049	1,805		1,805
6/1/2049	1,805		1,805
9/1/2049	1,805		1,805
12/1/2049	1,806		1,806
	279,782	*	279,782

*Plus a quarterly administrative fee of \$351.98 for a
total Administrative expense of \$54,556.90

(Form of)

ASSIGNMENT

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

Dated: _____, 20 ____.

In the presence of:

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF WARDENSVILLE
SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1

\$179,782

KNOW ALL MEN BY THESE PRESENTS: That on the 2nd day of December, 2009, the TOWN OF WARDENSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Hardy County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE HUNDRED SEVENTY-NINE THOUSAND SEVEN HUNDRED EIGHTY TWO DOLLARS (\$179,782), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, forgivable in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2011, to and including March 1, 2021 as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The Series 2009 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority, and the DEP, dated December 2, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 8, 2009, and a Supplemental Resolution duly adopted by the Issuer on November 10, 2009 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled

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

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1979 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 25, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$250,000 (THE "SERIES 1979 BONDS" OR THE "PRIOR BONDS"), AND (V) SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM), DATED DECEMBER 2, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$279,782, (THE "SERIES 2009 A BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and the Series 2009 A Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Series 2009 B Bonds (the "Series 2009 B Bonds Reserve Account"), and unexpended proceeds of the Series 2009 B Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2009 B Bonds Reserve Account and unexpended proceeds of the Series 2009 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Series 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 B Bonds including the Series 2009 A Bonds and the Prior Bonds; provided however, that, so long as there exists in the Series 2009 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 2009 B Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior and subordinate to the Bonds, including the Series 2009 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

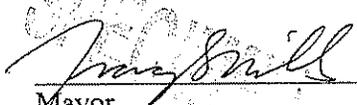
IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond,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

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

[Remainder of Page Intentionally Blank]

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

[SEAL]

Mayor

ATTEST:




Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 2, 2009.

THE HUNTINGTON NATIONAL BANK
as Registrar


Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$26,000	December 2, 2009	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE
Town of Wardensville
10 Years

Dated Date 12/2/2009
 Delivery
 Date 12/2/2009

Period Ending	Debt Service	Principal Forgiveness
12/2/2009		
6/1/2011	4,495	4,495
9/1/2011	4,495	4,495
12/1/2011	4,495	4,495
3/1/2012	4,495	4,495
6/1/2012	4,495	4,495
9/1/2012	4,495	4,495
12/1/2012	4,495	4,495
3/1/2013	4,495	4,495
6/1/2013	4,495	4,495
9/1/2013	4,495	4,495
12/1/2013	4,495	4,495
3/1/2014	4,495	4,495
6/1/2014	4,495	4,495
9/1/2014	4,495	4,495
12/1/2014	4,495	4,495
3/1/2015	4,495	4,495
6/1/2015	4,495	4,495
9/1/2015	4,495	4,495
12/1/2015	4,495	4,495
3/1/2016	4,495	4,495
6/1/2016	4,495	4,495
9/1/2016	4,494	4,494
12/1/2016	4,494	4,494
3/1/2017	4,494	4,494
6/1/2017	4,494	4,494
9/1/2017	4,494	4,494
12/1/2017	4,494	4,494
3/1/2018	4,494	4,494
6/1/2018	4,494	4,494
9/1/2018	4,494	4,494
12/1/2018	4,494	4,494
3/1/2019	4,494	4,494
6/1/2019	4,494	4,494
9/1/2019	4,494	4,494
12/1/2019	4,494	4,494
3/1/2020	4,494	4,494
6/1/2020	4,494	4,494
9/1/2020	4,494	4,494
12/1/2020	4,494	4,494
3/1/2021	4,495	4,495
	179,782	179,782

(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:



Chase Tower, Eighth Floor

Writer's Contact Information

P.O. Box 1588

Charleston, WV 25326-1588

(304) 353-8000 (304) 353-8180 Fax

www.step-toe-johnson.com

December 2, 2009

Town of Wardensville
Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program)

Town of Wardensville
Wardensville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the Town of Wardensville (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its \$279,782 Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) an ARRA Assistance Agreement dated December 2, 2009, including all schedules and exhibits attached thereto (the "ARRA Assistance Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the ARRA Assistance Agreement. The Bonds are issued in the principal amount of \$279,782, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning June 1, 2011, to and including December 1, 2049, all as set forth in "Schedule Y" attached to the ARRA Assistance Agreement and incorporated in and made a part of the Bonds. The Series 2009 A Bonds are subject to the SRF Administrative Fee equal to 1% of the principal amount of the Series 2009 A Bonds as set forth in the Schedule Y attached to the ARRA Assistance Agreement.

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

CH5211466

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the bond ordinance duly enacted by the Issuer on September 8, 2009, as supplemented by the Supplemental Resolution duly adopted by the Issuer on November 10, 2009 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the ARRA Assistance Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the ARRA Assistance Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture) dated July 25, 1980, issued in the original aggregate principal amount of \$250,000 (the "Series 1979 A Bonds") (the "Prior Bonds"), and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program), dated December 2, 2009, issued in the original aggregate principal amount of \$179,782, (the "Series 2009 B Bonds") issued contemporaneously herewith, all in accordance with the terms of the Bond Legislation.

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

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

thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

11.03.09
940540.00004



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

Writer's Contact Information

December 2, 2009

Town of Wardensville
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

Town of Wardensville
Wardensville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the Town of Wardensville (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its \$179,782 Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) an ARRA assistance agreement dated December 2, 2009, including all schedules and exhibits attached thereto (the "ARRA Assistance Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the ARRA Assistance Agreement. The Bonds are issued in the principal amount of \$179,782, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with 100% of the principal being forgiven as set forth in the ARRA Assistance Agreement. The Series 2009 B Bonds are not subject to the SRF Administrative Fee.

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

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the bond ordinance duly enacted by the Issuer on September 8, 2009, as supplemented by the Supplemental

CH5211423

Resolution duly adopted by the Issuer on November 10, 2009 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the ARRA Assistance Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the ARRA Assistance Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture) dated July 25, 1980, issued in the original aggregate principal amount of \$250,000 (the "Series 1979 Bonds") (the "Prior Bonds") and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program), dated December 2, 2009, issued in the original aggregate principal amount of \$279,782, (the "Series 2009 B Bonds") issued contemporaneously herewith, all in accordance with the terms of the Bond Legislation.

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

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

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

11.06.09
940540.00004

GARRETT & GARRETT

ATTORNEYS AT LAW

107 ROSEMARY LANE

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FAX (304) 538-6807

garrettlaw@hardynet.com

December 2, 2009

Town of Wardensville
Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

Town of Wardensville
Wardensville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to the Town of Wardensville in Hardy County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, an ARRA Assistance Agreement for the Series 2009 Bonds, dated December 2, 2009, including all schedules and exhibits attached thereto, by and among the Issuer and the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "ARRA Assistance Agreement"), a Bond Ordinance duly enacted by the Issuer on September 8, 2009, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 10, 2009 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board duly adopted September 5, 2009, and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the ARRA Assistance Agreement when used herein.

We are of the opinion that:

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

2. The ARRA Assistance Agreement have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Issuer enforceable in accordance with its terms.

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

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

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

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

7. We have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that comply with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. Prior to the execution of construction contracts by the Issuer, we will verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and we will verify such insurance policies and bonds for accuracy. Prior to the execution of construction contracts by the Issuer, we will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and verify that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the ARRA Assistance Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,


GARRETT & GARRETT



SPILMAN THOMAS & BATTLE, PLLC

ATTORNEYS AT LAW

December 2, 2009

Town of Wardensville
Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

Town of Wardensville
Wardensville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are special counsel to the Town of Wardensville, a municipality in Hardy County, West Virginia (the "Issuer"). As such counsel, we have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the ARRA Assistance Agreement when used herein.

We are of the opinion that the Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered August 28, 2009, which became a Final Order on September 17, 2009, and a Corrective Order entered September 4, 2009, in Case No.09-0868-S-SCN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof. The order is in full force and effect. The Issuer has also received the Affidavit of its Certified Public Accountant dated November 12, 2009, as required by the Recommended Decision.

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

Very truly yours,

Spilman Thomas & Battle, PLLC

SPILMAN THOMAS & BATTLE, PLLC

1868175

GARRETT & GARRETT

ATTORNEYS AT LAW

LARY D. GARRETT
KAREN L. GARRETT

107 Rosemary Lane - PO Box 510
Moorefield, West Virginia 26836
(304) 538-2375 Fax (304) 538-6807
e-mail: garrettlaw@hardynet.com

September 25, 2009

Mr. Mike Johnson, PE, Program Manager
WV Dept. of Environmental Protection
601 57th Street, SE
Charleston, WV 25304

Re: Town of Wardensville
Wastewater Treatment Lagoon Upgrade
Final Title Opinion

Dear Mr. Johnson:

This firm represents the Town of Wardensville (the "Town") and its sanitary board with regard to a proposed project to upgrade the existing wastewater treatment lagoon (the "Project") and provides this final title opinion on behalf of the Town of Wardensville and its sanitary board to satisfy the requirements of the West Virginia Department of Environmental Protection with regard to the SRF-ARRA financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the Town of Wardensville is duly created and existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health and West Virginia Department of Environmental Protection.

2. That the Town has obtained approval for all necessary permits and approvals for the construction of the Project.

3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights-of-way, required for the Project as set forth in the plans for the Project prepared by Dunn Engineers, Inc., the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Hardy County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Town has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed .

WVBPH

Re: Town of Wardensville

Page 2

5. That all deeds or other documents which have been acquired to date by the Town have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the Town.

Sincerely



Lary D. Garrett
WV State Bar ID # 1344

TOWN OF WARDENSVILLE

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. ARRA ASSISTANCE AGREEMENT
11. INSURANCE
12. VERIFICATION OF SCHEDULE
13. RATES
14. SIGNATURES AND DELIVERY
15. PUBLIC SERVICE COMMISSION ORDER
16. BOND PROCEEDS
17. PUBLICATION AND PUBLIC HEARING ON BOND
ORDINANCE
18. SPECIMEN BONDS
19. CONFLICT OF INTEREST
20. CLEAN WATER ACT
21. PROCUREMENT OF ENGINEERING SERVICES
22. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the Town of Wardensville in Hardy County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER hereby certifies on this 2nd day of December, 2009 in connection with the Issuer's Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), both dated the date hereof (collectively, the "Series 2009 Bonds" or individually, the "Series 2009 A Bonds" and the "Series 2009 B Bonds," respectively), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer

duly enacted September 8, 2009, and the Supplemental Resolution duly adopted November 10, 2009 (collectively, the "Bond Legislation").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Series 2009 Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues or any grants, or in any way contesting or affecting the validity of the Series 2009 Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2009 Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Series 2009 Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2009 Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Net Revenues or the pledge of Net Revenues as security for the Series 2009 Bonds.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Series 2009 Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the ARRA Assistance Agreement and the Issuer has met all conditions prescribed in the ARRA Assistance Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture), dated July 25, 1980, issued in the original aggregate principal amount of \$250,000 (the "Series 1979 Bonds") (the "Prior Bonds"). The Issuer is current on all Prior Bonds' payments and is in compliance with all covenants and requirements of the Prior Ordinance.

The Series 2009 Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of certain of the Holders of the Prior Bonds to the issuance of the Series 2009 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other bonds, notes or other obligations of the Issuer which are secured by revenues or assets of the System.

5. **CERTIFICATION OF COPIES OF DOCUMENTS:** The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original

documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Ordinance

Supplemental Resolution

ARRA Assistance Agreement for Series 2009 Bonds

Public Service Commission Orders

Infrastructure Council Approval

Town Charter

Ordinance creating Sanitary Board

Petition of Sanitary Board

Oaths of Office of Officers and Council Members

Resolution on Open Governmental Proceedings Rules

Sewer Rate Ordinance

Minutes on Enactment of Sewer Rate Ordinance and Notice of Public Hearing

Affidavit of Publication of Sewer Rate Ordinance and Notice of Public Hearing

Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution and Rules of Procedure

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing

Prior Bond Ordinance and Supplemental Resolution

Consent of USDA to Issuance of Parity Bonds

Evidence of Insurance

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "Town of Wardensville". The Issuer is a municipal corporation in Hardy County and is presently existing under the laws of, and is a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor; Recorder and ten (5) council members; all duly

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

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Tracey S. Miller	- Mayor	7/1/2008	6/30/2010
John Bowman	- Councilmember	7/1/2008	6/30/2010
Michael Funkhouser	- Councilmember	7/1/2008	6/30/2010
Chester R. Tharp	- Councilmember	7/1/2008	6/30/2010
Mark Pappas	- Councilmember	7/1/2008	6/30/2010
J. Brandon Bowman	- Councilmember	7/1/2008	6/30/2010
John Sayers	- Recorder	7/1/2008	6/30/2010

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman	-	Tracey S. Miller
Member	-	Kirk Wilson, P.E.
Member	-	

The duly appointed and acting Counsel to the Issuer is Garrett & Garrett, Moorefield, West Virginia and the duly appointed Special PSC Counsel is Spilman Thomas & Battle PLLC, Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or will be acquired by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2009 Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2009 Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. Prior to the execution of construction contracts by the Issuer, all insurance for the System required by the Bond Legislation will be in full force and effect.

10. ARRA ASSISTANCE AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the ARRA Assistance Agreement are true and correct in all material respects as if made on the date hereof; (ii) the ARRA Assistance 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 ARRA Assistance Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the ARRA Assistance Agreement not misleading; and (iv) the Issuer is in compliance with the ARRA Assistance Agreement.

The Issuer shall make monthly payments into the Renewal and Replacement Fund as required by Section 4.1 of the ARRA Assistance Agreement for at least the term of the Series 2009 B Bonds.

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

The special conditions of the ARRA Assistance Agreement are attached as EXHIBIT A hereto and are hereby accepted, agreed to and incorporated herein by reference.

The Issuer will serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer will certify to the Authority the number of customers added to the System.

11. INSURANCE. The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution and the Loan Agreement. All insurance for the System required by the Resolution and the Loan Agreement are in full force and effect.

12. VERIFICATION OF SCHEULE: The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

13. RATES: The Issuer has duly enacted a sewer rate ordinance on March 4, 2008, setting rates and charges of the System. The time for appeal of such Order has expired prior to the date hereof without any appeal and such rates are currently in full force and effect.

14. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Series 2009 Bonds of the aforesaid issue, consisting upon original issuance of a single Bond of each series, dated the date hereof, by his or her manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon said Series 2009 Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Series 2009 Bonds to a representative of the Authority as the original purchaser of the Series 2009 Bonds under the ARRA Assistance Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered on August 28, 2009 which became Final Order on September 17, 2009, Corrective Order entered September 4, 2009 and an affidavit of CPA dated November 12, 2009, in Case No. 09-0868-S-SCN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof without any appeal. The order is in full force and effect.

16. BOND PROCEEDS: On the date hereof, the Issuer received \$-0- from the Authority and the DEP, being a portion of the principal amount of the Series 2009 A Bonds and \$26,000 from the Authority and the DEP, being a portion of the principal amount of the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 A Bonds and the Series 2009 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

17. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in The Moorefield Examiner, a qualified newspaper of general circulation in the Town of Wardensville, no newspaper being published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2009 Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 8th day of September, 2009, at 6:30 p.m., at Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

18. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2009 Bonds.

19. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2009 Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

20. CLEAN WATER ACT: The Project described in the Bond Ordinance complies with the Clean Water Act.

21. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

22. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Blank]

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



Mayor



Recorder

Counsel to Issuer

Special PSC Counsel
(Paragraph 15)

11.06.09
940540.00004

CH5211404

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Mayor

Recorder

Jay Javitt

Counsel to Issuer

Special PSC Counsel
(Paragraph 15)

11.06.09
940540.00004

CH5211404

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

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Mayor

Recorder

Counsel to Issuer

Spilman Thomas & Battle
PLLC

Special PSC Counsel
(Paragraph 15)

11.06.09
940540.00004

CH5211404

EXHIBIT A

SPECIAL CONDITIONS

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

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

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by *February 17, 2010*.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Government shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by DEP.

H. PURCHASING REQUIREMENTS – The Local Government shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Government shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by DEP, the Local Government shall provide certifications as to compliance.

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

K. INSPECTOR GENERAL REVIEWS – The Local Government shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Government.

L. FALSE CLAIMS – The Local Government must promptly refer to EPA’s Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. LIMIT ON FUNDS – The Local Government shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

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

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Government shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with

nondiscrimination requirements. The Local Government shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond funded by ARRA funds shall be designated “Series [2009] B” and shall contain “(WVCWSRF Program/ARRA)” in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

TOWN OF WARDENSVILLE

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the Town of Wardensville in Hardy County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$279,782 Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), and \$179,782 Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, dated December 2, 2009 (the "Bonds" or the "Series 2009 Bonds"), hereby certifies on the 2nd day of December, 2009, as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on September 8, 2009, as supplemented by Supplemental Resolution duly adopted by the Issuer on November 9, 2009 (the "Bond Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 2, 2009, the date on which the Bonds are being physically delivered in exchange for an initial advance of \$-0-, being a portion of the principal amount of the Series 2009 A Bonds and \$26,000, being a portion of the principal amount of the Series 2009 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2009 A Bonds were sold on December 2, 2009, to the Authority, pursuant to an ARRA Assistance Agreement dated December 2, 2009, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), for an aggregate

purchase price of \$279,782 (100% of par), at which time, the Issuer received \$-0- from the Authority and the DEP, being the first advance of the principal amount of the Series 2009 A Bonds. No accrued interest has been or will be paid on the Series 2009 A Bonds. The balance of the principal amount of the Series 2009 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2009 B Bonds were sold on December 2, 2009, to the Authority, pursuant to an ARRA assistance agreement dated December 2, 2009, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of \$179,782 (100% of par), at which time, the Issuer received \$26,000 from the Authority and the DEP, being the first advance of the principal amount of the Series 2009 B Bonds. No accrued interest has been or will be paid on the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2009 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

8. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2009 A Bonds Reserve Account or the Series 2009 B Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before March 1, 2011. The acquisition and construction of the Project is expected to be completed by September 1, 2010.

9. The total cost of the Project is estimated at \$1,601,564. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2009 A Bonds	\$279,782
Proceeds of the Series 2009 B Bonds	\$179,782
Proceeds of the Small Cities Block Grant	<u>\$1,142,000</u>

Total Sources	<u>\$1,601,564</u>
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USES

Costs of Acquisition and Construction of the Project	\$1,575,564
Costs of Issuance	<u>\$26,000</u>

Total Uses	<u>\$1,601,564</u>
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10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2009 Bonds:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2009 Bonds Construction Trust Fund;
- (4) Series 2009 A Bonds Sinking Fund;
- (5) Series 2009 A Bonds Reserve Account;
- (6) Series 2009 B Bonds Sinking Fund; and
- (7) Series 2009 B Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Bonds will be deposited as follows:

- (1) Proceeds of the Series 2009 A Bonds in the amount of \$-0- will be deposited with the Commission in the Series 2009 A Bonds Reserve Account.
- (2) Proceeds of the Series 2009 B Bonds in the amount of \$-0- will be deposited with the Commission in the Series 2009 B Bonds Reserve Account.
- (3) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2009 A Bonds.
- (4) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2009 B Bonds.

12. Monies held in the Series 2009 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2009 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2009 A Bonds Sinking

Fund and Series 2009 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2009 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Monies held in the Series 2009 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2009 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2009 B Bonds Sinking Fund and Series 2009 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2009 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

14. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 9 months of the date hereof.

15. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

16. With the exception of the amount deposited in the Series 2009 A Bonds Reserve Account, if any, or the Series 2009 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

17. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

19. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

20. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

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

22. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

23. The Bonds are not federally guaranteed.

24. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose or governmental bonds.

25. The Issuer has either (a) funded the Series 2009 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2009 A Bonds in the then current or any succeeding year with the proceeds of the Series 2009 A Bonds, or (b) created the Series 2009 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2009 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2009 A Bonds in the then current or any succeeding year. Monies in the Series 2009 A Bonds Reserve Account and the Series 2009 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

26. The Issuer has either (a) funded the Series 2009 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2009 B Bonds in the then current or any succeeding year with the proceeds of the Series 2009 B Bonds, or (b) created the Series 2009 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2009 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2009 B Bonds in the then current or any succeeding year. Monies in the Series 2009 B Bonds Reserve Account and the Series 2009 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

27. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

28. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

29. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

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

TOWN OF WARDENSVILLE

By: 
Its: Mayor

11.03.09
940540.00004

TOWN OF WARDENSVILLE

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

CERTIFICATE OF ENGINEER

I, Frederick Hypes, Registered Professional Engineer, West Virginia License No. 9327, of Dunn Engineers, Inc., Charleston, West Virginia, hereby certify this 2nd day of December, 2009 as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage system (the "System") of the Town of Wardensville (the "Issuer"), to be constructed in Hardy County, West Virginia, which acquisition and construction are being permanently financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on September 8, 2009, as supplemented by the Supplemental Resolution of the Issuer adopted November 10, 2009 (collectively, the "Bond Legislation"), the ARRA Assistance Agreement for the Series 2009 Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated December 2, 2009 (the "ARRA Assistance Agreement").

2. The Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and the Authority and any change orders approved by the Issuer, the Authority, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and Garrett & Garrett, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the successful bidders have provided the drug-free workplace affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) the bid

documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (x) in reliance upon the certificate of the Issuer's certified public accountant, Ghodes & Thomas, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the ARRA Assistance Agreement; (xi) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

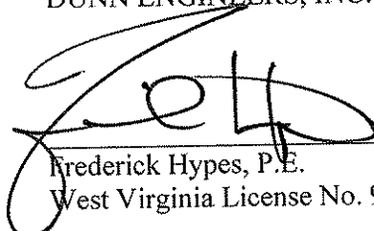
4. I have received the Buy American Certification from each contractor.
5. The Project will service zero (0) new customers.

[Remainder of Page Intentionally Blank]

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



DUNN ENGINEERS, INC.


Frederick Hypes, P.E.
West Virginia License No. 9327

11.06.09
940540.00004

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION

SCHEDULE B--TOTAL PROJECT COSTS

TOWN OF WARDENSVILLE

SRF No. C-544325, IJDC 2000S-523

COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project		Total	SCBG	WV DEP - Stimulus (50%)	CWSRF (30 yrs, 0%, 1%)
1.	Construction	\$ 903,870	\$ 615,500	\$ 153,782	\$ 134,588
	Miscellaneous Equipment	\$ 100,000	\$ -	\$ -	\$ 100,000
2.	Technical Services				
	a. Planning	\$ 15,000	\$ 15,000	\$ -	\$ -
	b. View Design	\$ 126,250	\$ 126,250	\$ -	\$ -
	c. Design	\$ 120,000	\$ 120,000	\$ -	\$ -
	d. Bidding & Construction Services	\$ 24,000	\$ 24,000	\$ -	\$ -
	e. Resident Project Representative	\$ 120,000	\$ 120,000	\$ -	\$ -
	f. Special Services	\$ 15,000	\$ 15,000	\$ -	\$ -
3.	Legal & Fiscal				
	a. Legal	\$ 28,000	\$ 28,000	\$ -	\$ -
	b. Accounting				
4.	Sites and Other Lands				
5.	Miscellaneous				
	a. Administrative	\$ 75,000	\$ 75,000	\$ -	\$ -
	b. Permits/Land Acquisition Fee	\$ 3,250	\$ 3,250	\$ -	\$ -
6.	Interim Financing				
7.	Construction Contingency	\$ 45,194	\$ -	\$ -	\$ 45,194
8.	Total of Lines 1 through 7	\$ 1,575,564	\$ 1,142,000	\$ 153,782	\$ 279,782
B. Cost of Financing					
9.	Capitalized Interest				
10.	Other Costs				
	a. Bond Counsel	\$ 25,000	\$ -	\$ 1,000	\$ -
	b. Bank Registrar Fee	\$ 1,000	\$ -	\$ 25,000	\$ -
11.	Total Cost of Financing	\$ 26,000	\$ -	\$ 26,000	\$ -
12.	TOTAL PROJECT COST (line 8 plus line 11)	\$ 1,601,564	\$ 1,142,000	\$ 179,782	\$ 279,782
C. Sources of Funds					
13.	Federal Grants: SCBG	\$ 1,142,000			
14.	State Grants	\$ -			
15.	Other Grants				
16.	TOTAL GRANTS	\$ 1,142,000	\$ -	\$ -	\$ -
17.	Size of Bond Issue	\$ 459,564	\$ 1,142,000	\$ 179,782	\$ 279,782


Town of Wardensville


Engineer

17 Nov 2009
Date

R. Thomas CPA & Associates

(Formerly Gohdes & Thomas, CPAs)

Rosalie E. Thomas, CPA

401 Maple Avenue
P.O. Box 655
Moorefield, WV 26836
Phone: (304) 530-2035
Fax: (304) 530-7367

December 2, 2009

Town of Wardensville
Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

Town of Wardensville
Wardensville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of the Town of Wardensville (the "Issuer"), enacted March 4, 2008, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Dunn Engineers, Inc., the Consulting Engineer to the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA) (collectively, the "Bonds"), and all other obligations secured by a lien on or payable from such revenues, including the Issuer's Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture), dated July 25, 1980, issued in the original aggregate principal amount of \$250,000 (the "Series 1979 Bonds") (the "Prior Bonds") and that such rates and charges shall be sufficient to comply with the other requirements of the ARRA Assistance Agreement.

It is my further opinion that the Net Revenues for the Fiscal Year following the year in which the Bonds are issued will be at least 120% of the average annual debt service requirements on the Bonds and the Prior Bonds.

Very truly yours,


R. Thomas CPA & Associates

THIS IS A COPY OF THE ORIGINAL CERTIFICATE OF INCORPORATION
OF THE MUNICIPALITY OF WARDENSVILLE, HARDY COUNTY, WEST VA.

In the Circuit Court of Hardy County Sept. Term 1879.

A certificate under oath of Michael Swisher, John P. McKeever and Wm. H. Coffman that a majority of all the qualified voters residing in the following boundary to wit: "Beginning at a Stone corner at Frances Godlove and I.B. McKeever's lot; thence with line of the same S. 64° W. passing said McKeever's and Barneys corner, course continued crossing Frances A. Godlove and John Clines heirs lots 102 poles to a Stone in Michael Swisher and said J. Clines heirs line; thence with said line N. $36\frac{1}{4}^{\circ}$ W. crossing the back road and crossing the lands of F. V. Pease and the Hardy and Winchester Turnpike 113 poles to a wild cherry near Shipman house; thence N. 73° E. passing through the lands of Jas. R. Baker and John Clines heirs crossing Trout Run through I.B. McKeever's Island crossing Capon River through the lands of Didiwicks heirs recrossing Capon River 153 poles to a small Sycamore and Gum in a line of another tract of said Michael Swisher; thence with a line of said Swisher S. $49\frac{1}{2}^{\circ}$ E. 11 poles to a Stump corner to said Swisher and Henry W. Frye; thence with said Frye's line S. 2° E. 87 poles and 2 links to the place of beginning, containing 83 acres"--- have been given in due form of law in favor of the incorporation of the town of Wardensville in the County of Hardy bounded as herein set forth. And it appearing to the satisfaction of the Court that all the provisions of chapter 47 of the Code of West Virginia have been complied with by the applicants for said incorporation of the said Town of Wardensville is duly authorized within the Corporate limits aforesaid to exercise all the

Town of Wardensville, the Court being satisfied upon proof that sections 1, 2, 3, 4, 5, 6, 7, and 8 of chapter 47 of the Code of West Virginia have been complied with by the applicants J.R. Baker, G. W. Snider and Michael Swisher for said incorporation.

Teste

Charles Lobb, Clerk

State of West Virginia
Hardy County, to-wit:

Hardy County Court Clerk's Office June 10, 1953
This instrument was this day presented to me in my office, and thereupon, together with the certificate thereto annexed, is admitted to record.

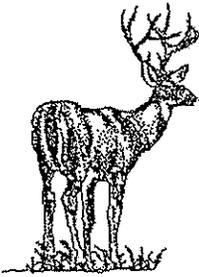
Attest:

Robert M. Gamble

County Court, Hardy County, W. Va.

Certified a true copy this July 15, 1979

Pauline W. Gandy
Recorder



WEST VIRGINIA'S VACATIONLAND
TOWN of WARDENSVILLE

25 Warrior Way — PO Box 7
Wardensville WV 26851-0007

Phone 304/874-3950
Fax 304/874-4044

Email info@wardensville.com



OATH OF OFFICE

STATE OF WEST VIRGINIA
TOWN OF WARDENSVILLE, to-wit:

I, Tracey S. Miller, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Code of the Town of Wardensville; and that I will faithfully discharge the duties of Mayor of the Town of Wardensville, Hardy County, West Virginia, to which I have been elected, to the best of my skill and judgment, so help me God.

Signature of Official

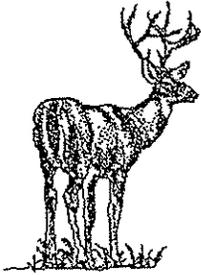
Printed Legal Name

Address (Street & PO)

ATTEST:

Subscribed and sworn to before me, the undersigned authority, in Hardy County, West Virginia, this the 12th day of August, 2008.

John H. Sayers, Recorder



WEST VIRGINIA'S VACATIONLAND
TOWN of WARDENSVILLE

25 Warrior Way — PO Box 7
Wardensville WV 26851-0007

Phone 304/874-3950

Fax 304/874-4044

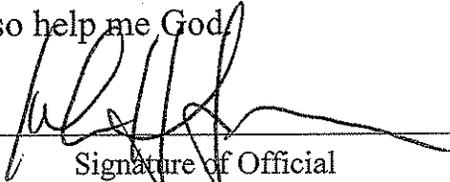
Email info@wardensville.com



OATH OF OFFICE

STATE OF WEST VIRGINIA
TOWN OF WARDENSVILLE, to-wit:

I, John H. Sayers, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Code of the Town of Wardensville; and that I will faithfully discharge the duties of Recorder of the Town of Wardensville, Hardy County, West Virginia, to which I have been elected, to the best of my skill and judgment, so help me God.



Signature of Official

JOHN H. SAYERS

Printed Legal Name

PO Box 149 - 105 W. MAIN

WARDENSVILLE

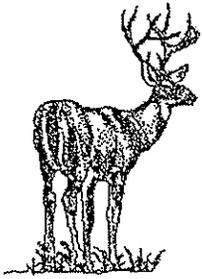
Address (Street & PO)

ATTEST:

Subscribed and sworn to before me, the undersigned authority, in Hardy County, West Virginia, this the 12th day of August, 2008.



Tracey S. Miller, Mayor



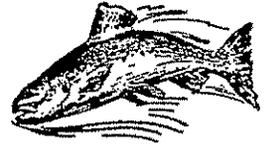
WEST VIRGINIA'S VACATIONLAND
TOWN of WARDENSVILLE

25 Warrior Way — PO Box 7
Wardensville WV 26851-0007

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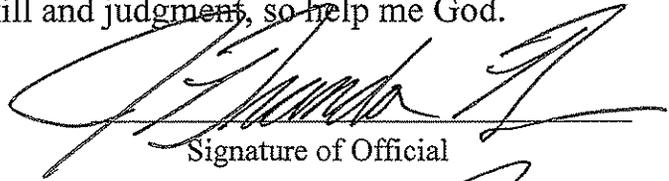
Email info@wardensville.com



OATH OF OFFICE

STATE OF WEST VIRGINIA
TOWN OF WARDENSVILLE, to-wit:

I, J. Brandon Bowman, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Code of the Town of Wardensville; and that I will faithfully discharge the duties of Councilor of the Town of Wardensville, Hardy County, West Virginia, to which I have been elected, to the best of my skill and judgment, so help me God.



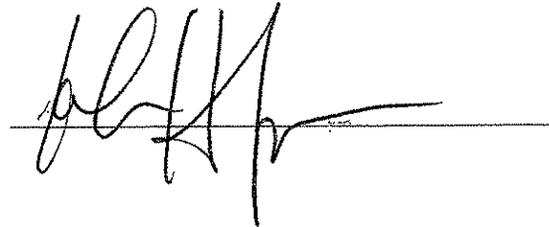
Signature of Official

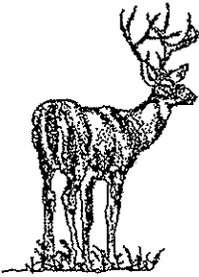
JOHN BRANDON BOWMAN
Printed Legal Name

45 HIGH ST. / P.O. Box 484
Wardensville, WV 26851
Address (Street & PO)

ATTEST:

Subscribed and sworn to before me, the undersigned authority, in Hardy County, West Virginia, this the 12th day of August, 2008.





WEST VIRGINIA'S VACATIONLAND

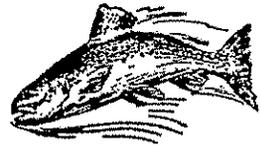
TOWN of WARDENSVILLE

25 Warrior Way — PO Box 7
Wardensville WV 26851-0007

Phone 304/874-3950

Fax 304/874-4044

Email info@wardensville.com



OATH OF OFFICE

STATE OF WEST VIRGINIA
TOWN OF WARDENSVILLE, to-wit:

I, John B. Bowman, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Code of the Town of Wardensville; and that I will faithfully discharge the duties of Councilor of the Town of Wardensville, Hardy County, West Virginia, to which I have been elected, to the best of my skill and judgment, so help me God.

Signature of Official

John B. Bowman

Printed Legal Name

POB 307 210 East Main St
Wardensville, WV 26851

Address (Street & PO)

ATTEST:

Subscribed and sworn to before me, the undersigned authority, in Hardy County, West Virginia, this the 12th day of August, 2008.

John H. Sayers, Recorder



WEST VIRGINIA'S VACATIONLAND

TOWN of WARDENSVILLE

25 Warrior Way — PO Box 7
Wardensville WV 26851-0007

Phone 304/874-3950

Fax 304/874-4044

Email info@wardensville.com



OATH OF OFFICE

STATE OF WEST VIRGINIA
TOWN OF WARDENSVILLE, to-wit:

I, Michael Funkhouser, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Code of the Town of Wardensville; and that I will faithfully discharge the duties of Councilor of the Town of Wardensville, Hardy County, West Virginia, to which I have been elected, to the best of my skill and judgment, so help me God.

Michael K. Funkhouser

Signature of Official

Michael K. Funkhouser

Printed Legal Name

P.O. Box 294

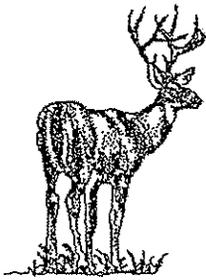
WARDENSVILLE WV 26851

Address (Street & PO)

ATTEST:

Subscribed and sworn to before me, the undersigned authority, in Hardy County, West Virginia, this the 12th day of August, 2008.

John H. Sayers
John H. Sayers, Recorder



WEST VIRGINIA'S VACATIONLAND

TOWN of WARDENSVILLE

25 Warrior Way — PO Box 7
Wardensville WV 26851-0007

Phone 304/874-3950

Fax 304/874-4044

Email info@wardensville.com



OATH OF OFFICE

STATE OF WEST VIRGINIA

TOWN OF WARDENSVILLE, to-wit:

I, Mark Pappas, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Code of the Town of Wardensville; and that I will faithfully discharge the duties of Councilor of the Town of Wardensville, Hardy County, West Virginia, to which I have been elected, to the best of my skill and judgment, so help me God.

Mark Pappas

Signature of Official

Mark Pappas

Printed Legal Name

80 High Street

Wardensville WV 26851

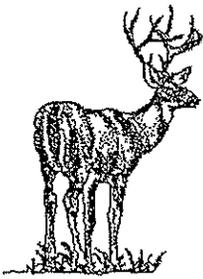
Address (Street & PO)

ATTEST:

Subscribed and sworn to before me, the undersigned authority, in Hardy County, West Virginia, this the 12th day of August, 2008.

John M. Sayers

John M. Sayers, Recorder

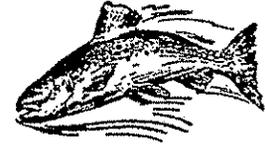


WEST VIRGINIA'S VACATIONLAND

TOWN of WARDENSVILLE

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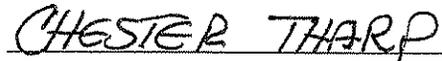
OATH OF OFFICE

STATE OF WEST VIRGINIA
TOWN OF WARDENSVILLE, to-wit:

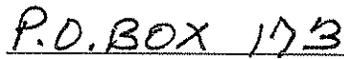
I, Chester Ray Tharp, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and the Code of the Town of Wardensville; and that I will faithfully discharge the duties of Councilor of the Town of Wardensville, Hardy County, West Virginia, to which I have been elected, to the best of my skill and judgment, so help me God.



Signature of Official



Printed Legal Name

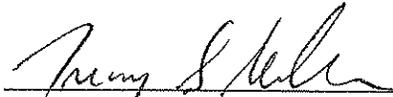




Address (Street & PO)

ATTEST:

Subscribed and sworn to before me, the undersigned authority, in Hardy County, West Virginia, this the 18th day of AUGUST, 2008.



Tracey S. Miller, Mayor

**WARDENSVILLE TOWN CODE
AMENDMENT 08-02**

AN ORDINANCE ESTABLISHING CERTAIN CHARGES FOR SERVICE FOR CONSUMERS OF THE SEWER SYSTEM OF THE TOWN OF WARDENSVILLE.

WHEREAS, the Town of Wardensville owns and operates a municipal sanitary sewer system, and certain incidental charges are in need of revision, modification and standardization.

NOW, THEREFORE, THE TOWN OF WARDENSVILLE HEREBY ORDAINS:

An act to amend Title 9, Chapter Eleven of the Wardensville Town Code to provide for the following changes in charges to the users of the sewer system of the Town of Wardensville through the entire territory served.

BE IT ENACTED BY THE TOWN OF WARDENSVILLE, A MUNICIPAL CORPORATION:

That Title 9, Chapter Eleven of the Wardensville Town Code, 1970, as amended, be amended as follows:

Section 1. Rates for service. The following are changes and additions to the existing tariff now in place.

Applicability: Applicable within the entire territory served.

Security Deposit: \$50.00

Fees for Disconnection and Reconnection of Service:

Disconnection Fee: \$20.00

Reconnection Fee: \$20.00

Administrative Fee: \$20.00 *

* This fee is applicable when an employee is dispatched to said premises to execute a termination request but does not actually terminate water service because the customer or other responsible party delivers payment to the full amount of the delinquent bill(s).

Section 2. Effective date. This ordinance shall become effective on all bills rendered after April 25, 2008.

Section 3. Notice and public hearing. Upon initial adoption hereof, the Recorder shall make this ordinance available for public inspection and publish an announcement of a public hearing as a Class II-0 legal advertisement once a week for two successive weeks within a period of fourteen (14) consecutive days, with at least six (6) full days intervening between each publication in the Moorefield Examiner, being the only newspaper published and of general circulation in the Town and of the County of Hardy.

Passed failed on first reading, February 5, 2008.

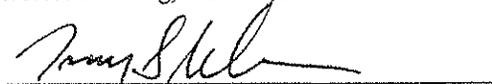
First Reading	FOR	AGAINST	ABSTAIN	ABSENT
J. Brandon Bowman, Councilor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Bowman, Councilor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Michael Funkhouser, Councilor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Pappas, Councilor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester Tharp, Councilor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
John Sayers, Recorder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tracey S. Miller, Mayor (if tie)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Passed failed on second reading, March 4, 2008.

Second Reading	FOR	AGAINST	ABSTAIN	ABSENT
J. Brandon Bowman, Councilor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
John Bowman, Councilor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Michael Funkhouser, Councilor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Pappas, Councilor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester Tharp, Councilor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
John Sayers, Recorder	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tracey S. Miller, Mayor (if tie)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The undersigned Mayor of the Town of Wardensville does hereby certify that the foregoing Amendment was adopted by a majority of Council at first reading on February 5, 2008; and on second reading, March 4, 2008.


ATTEST: John H. Sayers
Recorder, Town of Wardensville


Tracey S. Miller
Mayor, Town of Wardensville

RECEIVED

2008 APR 22 AM 9 24

P.S.C. W. Va. No. 11
Canceling P.S.C. W. Va. No. 10

W. VA. PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

TOWN OF WARDENSVILLE, a municipal utility

OF

WARDENSVILLE, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

at Wardensville and adjacent areas, Hardy County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION

of

WEST VIRGINIA

Issued April 17, 2008

Effective for all bills rendered on and after April 25, 2008
or as otherwise provided herein

Adopted by Town Council

Issued by Town of Wardensville, a municipal utility

By



MAJOR

Title

RULES AND REGULATIONS

- I. Rules and Regulations for the Government of Sewerage Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

(C) APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial sewer service

RATE

First	2,000 gallons used per month	\$8.48 per 1,000 gallons
Next	3,000 gallons used per month	6.83 per 1,000 gallons
Next	5,000 gallons used per month	5.45 per 1,000 gallons
All Over	10,000 gallons used per month	5.24 per 1,000 gallons

MINIMUM MONTHLY BILL

No monthly bill shall be rendered for less than \$16.96

FLAT RATE FOR UNMETERED CUSTOMERS

\$39.86

CONNECTION CHARGE

5/8 inch meter	\$ 900.00
3/4 inch to 1-1/2 inch meter	\$1,500.00
2 inch meter and larger	\$2,000.00

(C,D) DISCONNECT-RECONNECT/ADMINISTRATIVE FEES

Disconnection Fee:	\$20.00
Reconnection Fee:	\$20.00
Administrative Fee	\$20.00*

This fee is applicable when an employee is dispatched to said premises to execute a termination request but does not actually terminate water service because the customer or other responsible party delivers payment to the full amount of the delinquent bill(s).

DELAYED PAYMENT PENALTY

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

EXCISE TAX

2% of gross amount

RETURNED CHECK CHARGE

Whenever a check is returned for insufficient funds, a service charge of actual cost to the utility (not to exceed \$25.00) shall be charged.

(C) SECURITY DEPOSITS - \$50.00

LEAK ADJUSTMENT INCREMENT

An incremental charge of \$0.16 per M gallons shall be charged for all sewer billed in excess of the customer's historic usage.

SURCHARGE FORMULA TO BE APPLIED IN THE CASES OF USERS
PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$C_i = V_o V_i + B_o B_i + S_o S_i$$

C_i = charge to unusual users per year

V_o = average unit cost of transport and treatment

V_i = volume of wastewater from unusual users, in gallons per year

B_o = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD), in dollars per pound

B_i = weight of BOD from unusual users, in pounds per year

S_o = average unit cost of treatment (including sludge treatment) chargeable to total solids, in dollars per pound

S_i = weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgment of the Town of Wardensville should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Town of Wardensville records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Town of Wardensville as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

CAPACITY IMPROVEMENT CAPITAL COST FEE

In addition to all the fees provided above, there shall be paid to the City at the time the application is made for connection of an unserved facility to the sewer system a capacity improvement capital cost fee of \$2,800 for each residential connection. Connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth herein. The funds collected from the capacity improvement capital cost fee shall be maintained in a separate fund by the Sewer System and shall be used only for the purpose of improving the sewer system treatment facilities. The usage equivalent for other than single family residential units for the capacity improvement capital cost fee shall be based upon the following residential usage equivalent multiplier:

RESIDENTIAL USAGE EQUIVALENTS FOR CAPACITY IMPROVEMENT CAPITAL COST FEE

<u>UNIT</u>	<u>GALLONS PER DAY</u>	<u>RESIDENTIAL USAGE EQUIVALENT</u>
Apartments	150/unit	1.0/unit
Bowling Alleys	200/alley	1.33/alley
Churches with kitchen	8/member	0.05/member
Churches w/o kitchen	2/member	0.013/member
Food Service	32/seat	0.213/seat
Fast Food Restaurant	35/seat	0.23/seat
Bar & Cocktail Lounge (additive)	2/patron	0.013/patron
Tavern-Little or no food	20/seat	0.132/per seat
Hotel	120/room	0.8/per room
Industry, sanitary	15/person/shift	0.1/person per shift
<u>Institutions</u>		
Hospital	250/bed	1.67/bed
Nursing Homes	150/bed	1.0/bed
Others	75/person	0.5/person

RESIDENTIAL USAGE EQUIVALENTS FOR CAPACITY IMPROVEMENT
CAPITAL COST FEE (Continued)

Office Buildings	15/person	0.1/person
Laundry Self Service	250/washer	1.67/washer
Motels	120/room	0.8/room
Retail Stores	400/toilet room	2.67/toilet room
Residence	150/residence	1.0/residence

School:

Day, no cafeteria/showers	15/pupil	0.1 /pupil
Day with cafeteria	18/pupil	0.12/pupil
Day with cafeteria/showers	20/pupil	0.133/pupil
Boarding	75/pupil	0.5/pupil
Service Station	500/set of pumps	3.33/set of pumps
Shopping Centers	16/100 ft. of sales area	0.12/100 ft. of sales area
Swimming Pools	10/swimmer design capacity	0.067/swimmer design capacity
Theaters	3/seat	0.02/seat
Warehouse	15/employee	0.1/employee

If a unit does not appear on this schedule the Town shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

MINUTES
TOWN COUNCIL
MUNICIPALITY OF WARDENSVILLE
HARDY COUNTY, WEST VIRGINIA
February 5, 2008

The regular meeting of Wardensville Town Council was called to order by Mayor Scotty Miller at 6:30 p.m. on Tuesday, February 5, 2008, in the Wardensville Visitor and Conference Center. (*NOTE: The regular meeting scheduled for January 8 was canceled due to anticipated lack of quorum.*) Present were Recorder John Sayers, Councilors J. Brandon Bowman, John Bowman, Michael Funkhouser, and Mark Pappas. Absent was Councilor Chester Tharp. Also present were Office Manager Jody Sayres, Chief Jeff Driskill, Office Assistant Nancy Moser, Public Works Operator Brad Dyer, Fred Hypes of Dunn Engineers, and John Daniels of NMS Productions.

Consent Agenda. Councilor John Bowman moved to approve the February 5 Consent Agenda. (Councilor Funkhouser seconded.) Motion passed, five yeas. Consent agenda items:

- Approve Office, Project, Police, and Public Works reports (December and January)
- Approve contract with R.D. Zande & Associates for Continuity of Operations Plan (COOP)
- Approve contract with Terrell Ellis & Associates for new Town Hall fundraising work
- Resolution 08-01: Approve payment to various vendors (Water Project)

Water and Sewer Projects. Mr. Hypes presented a thorough presentation on the major water and sewer projects that the Public Works department has been planning over the past few months, including a package of improvements to the water utility to upgrade and modernize the 40-year old water system, and increase pumping and system capacity; and a strengthening of the sewer lagoon to resist flood events. Council thanked Mr. Hypes for his fine work and that of his firm, Dunn Engineers.

Request to Rent Gym for Rock Concert. Mr. Daniels and NMS Productions discussed their request to hold a multi-band rock concert on Feb 16 in the Community Center gym. After a thorough review and report by Chief Driskill on the impact of such an event on the facility and our ability to manage any issues arising, Councilor Funkhouser moved to approve Mr. Daniels' application. (Councilor John Bowman seconded.) Motion passed, five yeas. Based on lessons learned in Chief Driskill's assessment, Councilor Brandon Bowman will work with the Community Center Board to recommend impact fees and security deposit charges for future large-scale for-profit public events at the Center.

Mayor's Report. Mayor Miller reported that Shelley Moore Capito met with Council on the morning of Jan. 19 to discuss needs of the community. He shared a report of "Recent Accomplishments and Needs" prepared for Rep. Capito's visit. He also reported an excellent crowd for the Open House at the Visitor Center held that same day.

The Mayor expressed concern at the large amount of business facing Council in the coming months. At his request, Councilor Funkhouser moved to hold at least one additional (special) meeting of Council in the months of February, March, April, May and June. (Councilor John Bowman seconded.) Motion passed, five yeas. The Recorder will schedule special meetings for Feb. 26, March 18, April 15, May 20, and June 13, all at 6:30 p.m. All but the last is a Tuesday, with the last on a Friday to canvass the June 10 election, as required by law.

Recorder's Report. Recorder Sayers asked Council to approve two Ballot Commissioners for the 2008 election. Councilor Pappas moved to approve Gina Driskill and Susan Rhoades as Ballot Commissioners. (Councilor Brandon Bowman seconded.) Motion passed, five yeas.

Due to the late hour, departmental reports and all old business were carried over until the next meeting.

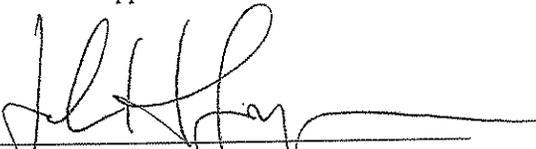
New Business. Council agreed to take up the following pressing items of new business. Councilor John Bowman moved to consent to the request of Valley Development Group to renew its water/sewer capacity letter for the Capon Crossing project through February 2009. (Councilor Funkhouser seconded.) Motion passed, five yeas.

Councilor Funkhouser moved to accept the low complete-package bid of Bryco Bore and Pipe for Phase 2 of the Sidewalk and Streetscape Enhancement Project (SSE) for Base Contract A&B and all four additives, for a total of \$287,500. (Councilor Brandon Bowman seconded.) Motion passed, five yeas. Work will begin in the spring.

Recorder Sayers offered Amendment 08-01, *Water Rate Increase* and Amendment 08-02, *New Sewer Fees*. The water rate increase, projected at 83% would pay for the \$1.55 million/30 year/1% loan that has been awarded for the water projects. However, if we reduced some of the project scope and only borrowed \$1.075 million, the increase could be reduced to 62%. It is a painful hike, but would still only result in a 25% overall increase in water/sewer bills, and is the cheapest project money available at this time. Recorder Sayers moved to adopt Amendment 08-01 and 08-02 on first reading. (Councilor Funkhouser seconded.) Motion passed, five yeas. A public hearing and second reading on the amendment was scheduled for the special meeting of February 26. Mayor Miller directed the Recorder to publish a newsletter with the project description and complete justification for the increase prior to the hearing.

Recorder Sayers moved to adjourn into an executive session to discuss matters of personnel. (Councilor Pappas seconded.) Motion passed, five yeas. At 8:45 p.m., Mayor Miller convened an executive session of Council. The session was adjourned at 9:10 p.m., after which the Mayor reconvened the regular meeting of Council.

The next regular meeting of Council will be held on Tuesday, March 4, 2008, at 6:30 p.m. in the conference room of the Wardensville Visitor and Conference Center. A special meeting will be held on Tuesday, February 26 for a hearing on the water rate increase and sewer fee changes. Council adjourned at 9:15 p.m. upon the motion of Councilor Pappas.



ATTEST: John H. Sayers, Recorder



Tracey S. Miller, Mayor

MINUTES
TOWN COUNCIL
MUNICIPALITY OF WARDENSVILLE
HARDY COUNTY, WEST VIRGINIA
February 26, 2008

A special meeting of Wardensville Town Council was called to order by Mayor Scotty Miller at 6:30 p.m. on Tuesday, February 26, 2008, in the Wardensville Visitor and Conference Center. Present were Recorder John Sayers, Councilors J. Brandon Bowman, John Bowman, Michael Funkhouser, and Mark Pappas. Absent was Councilor Chester Tharp. Also present were Office Manager Jody Sayres, Office Assistant Nancy Moser, Public Works Operator Brad Dyer, Fred Hypes of Dunn Engineers, and guests Steve Bosley, Doug Coffman, Sue Coffman, Jean Flanagan (Moorefield Examiner), Red Funkhouser, Irwin & Ann Heishman, Robert Kerr Sr., Mark Malcolm, Jackie Markley, Richard & Ruth Markley, Bob Meinhardt, Fred Moser, Donnie Miller, Pam Miller, Clark Richard, Basil & Jill Rogers, Nina Rudy, Connie Sherman (Hardy County PSD), Jackie & Allen Shoemaker, Debbi Summerfield, Kenny Wright, and others. The purpose of the special meeting was to conduct hearings on the 62% water increase and the new incidental sewer fees, and to take up agenda items remaining from the Feb. 5 regular meeting.

Public Hearings: Council conducted second readings and public hearings on Amendments 08-01, *Water Rate Increase* and 08-02 *Sewer Fee Changes*. Mr. Hypes of Dunn Engineers described the set of water projects that have been planned that will upgrade and modernize the 40-year old water system, and increase pumping and system capacity. The Recorder read both ordinances; 08-01 would increase water rates as follows: residential, commercial and industrial customers, 62%; resale customers, 45%. 08-02 would make changes to minor fees in the sewer utility, increasing the security deposit for new customers to \$50, and adding a set of disconnection and reconnection fees.

Mayor Miller opened the hearing. Recorder Sayers observed that the W. Va. Infrastructure, Jobs and Development Council has guaranteed a loan of \$1,550,000 for these projects; however, Council decided that the 82% water rate hike to secure the entire loan amount was too steep, and that the project scope would be scaled back to \$1,075,000. Also, he observed that the reason for the rate and the projects were described fully in a newsletter, "Talk of the Town" that went out to customers and in an article in the Moorefield Examiner.

Mr. Rogers asked for a definition of the resale rate, and why it was less. ("Resale" rate is that extended to other utilities to resell water, and the increase was less because it costs less to provide this bulk water to resale customers than it does to retail customers.) Mr. Markley asked for clarification on the service line from Warden Acres to Marvin Chapel, a project not of the Town but of the Hardy County Public Service District. Mrs. Rogers suggested there was a quality with smell and taste of the water, which the Water Department will look into.

Mr. Meinhardt spoke against the increase and questioned the pricing of the projects, which was estimated by Dunn Engineers, which has done these projects throughout the state. Mr. Coffman also spoke against the increase and asked how selling water to the HCPSD helped the Town utility. Council noted that additional customers always helps the utility, and that the Town is compelled by state law to sell water to other utilities if that water is available. Mr. Heishman asked about the schedule on the project, and suggested that a second water-only meter might be made available to customers for certain water-only purposes (gardening, agriculture, etc.)

Ms. Summerfield asked about the project expected start date, and complained that the continuing leak at the Warden Acres tank had been going through her yard for two years. (Mr. Hypes explained that repair on that broken valve is impossible until the project is approved and funded.) Mrs. Ruth Markley asked about the rate increases over the years quoted in the Town newsletter. (The Recorder explained his error, that those were the rates requested by the Town; the state Public Service Commission, as result of rate protest, actually increased most of those rate increases higher than the Town had requested.) She also asked about a customer who was filling a tank for resale in Warden Acres. (The Town has just recently stopped the practice of selling bulk water to water-truckers until it can provide a reliable, metered location from them to fill from.)

Mr. Richard spoke against the increase and complained of occasionally cloudy water. He asked how far down the road the projects will take the water system and capacity. Mr. Malcolm asked for a rebate or discount for customers 62+ years old. (While this is prohibited by state law, adjustments can be made in the minimum rate that would benefit smaller users, such as seniors. Council will look into this.) He asked if new subdivisions pay for their own lines. (Yes, in lieu of tap fees, they install under the supervision of Town Public Works staff. They then turn the completed lines over to the Town. However, each home is still assessed the Capacity Improvement Fees for both water and sewer.) He complimented Council's work and stressed the need for the community to work together.

Mr. Kerr asked about the new fire hydrant, noting that these were supposed to go in years ago on Sandfield Road, and were not installed because that section of Town would not be annexed. (Council plans to install these hydrants now, annexation or not, so long as there is enough funds in the overall project plan.)

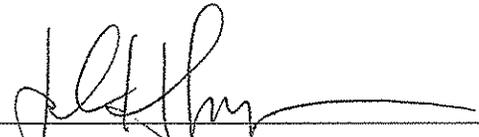
At the close of the hearing, Councilor John Bowman reminded the public that Council and Town Staff pay the same rates as everyone else, and do not profit from their service to the community. Mayor Miller thanked everyone for their valuable input. Recorder Sayers moved to pass both ordinances upon second and final reading. (Councilor Funkhouser seconded.) The amendment was adopted, five years.

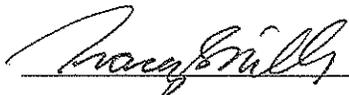
Recorder Sayers moved to adjourn into an executive session to discuss three matters of personnel (current investigation, leave of absence, and pay adjustment). (Councilor Funkhouser seconded.) Motion passed, five years. At 8 p.m., Mayor Miller convened an executive session of Council. The session was adjourned at 8:45 p.m., after which the Mayor reconvened the regular meeting of Council.

Unfinished Business. No bids were received for the blue pickup truck, and there has been interest in the two empty gas tanks behind the cafeteria. Recorder Sayers moved to rebid the pickup truck with a minimum bid of \$500, and to bid the gas tanks with a minimum bid of \$175. (Councilor John Bowman seconded.) Motion passed, five years.

New Business. Council considered a request by Michael Beidler regarding storage and display of a piano at the Visitor Center. The upright Steinway was apparently purchased to accompany silent films in the top floor at 157 West Main Street, the former Odd Fellow's Hall. Council agreed that if Mr. Beidler were present the piano as a gift to the community (and move it to the Visitor Center), we would accept it. However, the Town was not interested in storing the piano on a temporary basis and, as he had requested, provide insurance on the piano for the storage period. Council postponed other scheduled business for the regular March 4 meeting the following week.

The next regular meeting of Council will be held on Tuesday, March 4, at 6:30 p.m. in the conference room of the Wardensville Visitor and Conference Center. Council adjourned at 9 p.m. upon the motion of Councilor Pappas.


ATTEST: John H. Sayers, Recorder


Tracey S. Miller, Mayor

AFFIDAVIT OF PUBLICATION

Cost of Publication \$83.40

State of West Virginia
County of Hardy, to wit:

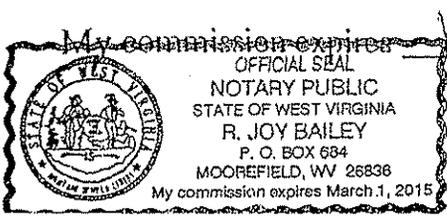
I, Phoebe Fisher Heishman, being first sworn upon my oath, do depose and say that I am President of the R. E. Fisher Company, a corporation, and publisher of the newspaper entitled THE MOOREFIELD EXAMINER, a Democratic newspaper; that I have been duly authorized by the Board of Directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published twice weekly on Wednesdays and Saturdays, for at least fifty weeks during a calendar year, in the municipality of Moorefield, Hardy County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of Public Notice - Increase in water rates

was duly published in said newspaper once a week for 2 successive weeks, commencing with the issue of 13 day of February 2008, and ending with the issue of the 20 day of February 2008, (and was posted at the n/a on the day of , 20).

Phoebe Fisher Heishman
/s/ Phoebe Fisher Heishman, Publisher
The Moorefield Examiner

Taken, subscribed and sworn to before me in my said county this 20th day of February, 2008.



March 1, 2015
/s/ *R. Joy Bailey*
Notary Public of Hardy County, WV

**PUBLIC NOTICE
TO THE CITIZENS OF WARDENSVILLE**

You are hereby notified that the Town Council did at its regular meeting on Tuesday, February 26, 2008, approved on first reading an ordinance, Amendment 08-01, which will finally adopted, amend title 9, Chapter Eleven of the Warden'sville Town Code to increase rates for all customers of its water utility by 62.06 percent and resale customers by 45 percent for the purpose of financing a long term project interest loan from the WVA Infrastructure, Jobs and Development Council for \$7,500,000 to pay for a series of projects that would increase the capacity and make critical and necessary repairs and upgrades to the town water treatment facility and transmission system.

It approved said ordinance will be effective April 25, 2008, unless otherwise ordered by the Public Service Commission and will produce approximately \$57,709 annually in additional revenue with a average monthly bill for the various classes of customers will be changed as follows:

	(\$ INCREASE)	INCREASE (%)
Residential	\$11.62	62%
Commercial	\$10.66	62%
Industrial	\$42.04	62%
Resale	\$50.79	45%

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or lesser than average.

In addition, the Council approved on first reading an ordinance, Amendment 08-02, which will finally adopted, amend title 9, Chapter Eleven of the Warden'sville Town Code to modify certain incidental fees (security deposit, disconnection, reconnection) and administrative for customers of its sewer utility.

You are also notified that you or any person may appear before the Town Council of Warden'sville at a regular meeting on Tuesday, February 26, 2008, at 6:30 p.m. at the Warden'sville Visitor and Conference Center, 301 East Main Street (right hand entrance), Warden'sville, WV, at which time a second reading of both ordinances shall be had and at which time you shall have the right to present any protest or comment which you have to the enactment of said ordinances. The proposed ordinances in their entirety may be inspected at Warden'sville Town Hall, 25 Warrior Way, Warden'sville, WV, Monday through Friday, from 9 a.m. noon and 4 p.m.

CITY OF WARDENSVILLE

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

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

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

2. Special Meetings. A notice shall be posted by the City Clerk at the front door or bulletin board of the City Hall not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

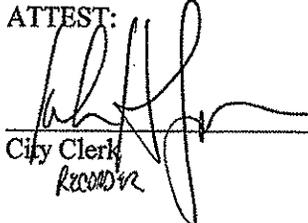
These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 2 day of MAY, 2006.



Mayor

ATTEST:



City Clerk
Recorder

TOWN OF WARDENSVILLE
ORDINANCE CREATING A SANITARY BOARD
OF THE TOWN OF WARDENSVILLE

WHEREAS, the Town of Wardensville (the "Town") now contemplates the construction and equipping of a sanitary sewerage system, and future additions, extensions and improvements thereto (the "System"), pursuant to Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"); and

WHEREAS, the Act requires that a sanitary board be established in connection with the issuance of sewer revenue bonds, as aforesaid, and in connection with the custody, administration, operation and maintenance of such a sewer system by a municipal corporation;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE TOWN COUNCIL OF THE TOWN OF WARDENSVILLE AS FOLLOWS:

Section 1. The Council of the Town (the "Council") does hereby create and establish a Sanitary Board (the "Sanitary Board" or "Board"), with all powers and duties as provided in and pursuant to the Act.

Section 2. Composition; Chairman; Appointment of Members. The Sanitary Board shall be composed of the Mayor of the Town, who shall act as Chairman of the Sanitary Board, and two persons appointed by the Council. During the period of construction of the System or any additions thereto, one member must be a registered professional engineer. The engineer member of the Board need not be a resident of said municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. The appointees shall originally be appointed for terms of 2 and 3 years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of 3 years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the Town, whether holding a paid or unpaid office, shall be eligible to appointment on the Sanitary Board until at least 1 year after the expiration of the term of his public office.

Section 3. Organizational Meetings ; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice chairman from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond as required under Section 9 hereof.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board shall receive such compensation, if any, for their services, either as a salary or as payments for meetings attended, as the Council may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. Any such compensation and expenses paid solely from funds derived from the System, but there shall be no liability upon the Town for any compensation or expenses so incurred.

Section 5. Powers, Duties and Limitations.

A. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the Town.

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by the Act, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in the Act as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of the Act shall be paid solely and only from funds provided under the authority of the Act, and the Board shall not exercise or carry out any authority or power given it so as to bind the Board or the Town beyond the extent to which money shall have been or may be provided under the authority of the Act. No contract or agreement with any contractor or contractors for labor and/or material exceeding the sum of \$10,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

E. After the construction, acquisition, installation and completion of such works, the Sanitary Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by the Act, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by the Act, or which may be granted to it by amendments to the Act, hereafter made, subject to any and all restrictions and limitations therein contained.

Section 6. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under this ordinance and the Act shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided by the Act.

Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3 of the West Virginia Code of 1931, as amended, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the

debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board.

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

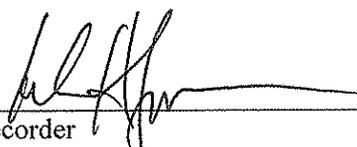
Section 9. Fidelity Bonds. The Sanitary Board shall require all persons who collect or otherwise handle funds of the Board or the System to furnish a good and proper bond, with a recognized and reputable surety, conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons.

Section 10. Effective Date. This Ordinance shall take effect immediately following the second reading hereon.

Passed on First Reading: AUGUST 11 2009

Passed on Second Reading: AUGUST 24 2009

By: 
Mayor

By: 
Recorder

MINUTES
TOWN COUNCIL
MUNICIPALITY OF WARDENSVILLE
HARDY COUNTY, WEST VIRGINIA
August 11, 2009

The regular meeting of Wardensville Town Council was called to order at 6:34 p.m. by Recorder John Sayers on Tuesday, August 11, 2009, in the Wardensville Visitor and Conference Center. Present were Councilors John Bowman, J. Brandon Bowman, Michael Funkhouser, Mark Pappas, and Chester Tharp. Absent was Mayor Scotty Miller. Also present were Officer Manager Jody Sayres, Police Chief Jeff Driskill, Public Works Superintendent Brad Dyer, Special Projects Coordinator Pat Ford, Volunteer & Program Coordinator Alecia Sirk, Community Center Board Chair Vicki Dyer and guests Betsy Orndoff-Sayers and Jean Flanagan (Moorefield Examiner).

Consent Agenda. Councilor Brandon Bowman moved to approve the August 11 Consent Agenda. (Councilor Pappas seconded.) Motion passed, six yeas. Consent agenda items:

- Approve Financial Report of June 2009 and Fiscal Year-End
- Approve Resolution 09-09 & 09-10
- Approve Office, Police, Projects and Public Works Reports

Public Hearing: Amendment 09-04: Flood Plain Ordinance & Map. Mr. Ford briefed Council and reported that the Wardensville Planning Commission reviewed and approved the Flood Plain Ordinance and Map. Recorder Sayers called for the first reading of this ordinance. Councilor Funkhouser moved to waive the full reading of the full ordinance. (Councilor Brandon Bowman seconded.) Motion passed, six yeas. There being no public comment on the ordinance, Councilor Pappas moved to approve with amendment as recommended after review by Mr. Kristopher Curry. West Virginia Floodplain Management Program. (Councilor Tharp seconded.) Motion passed, six yeas. Second reading of Amendment 09-04 will be on August 24, 2009 at 6:30 p.m.

Mayors Report: Mayor Miller suggested that the Town hold another Potluck Dinner to update the community on the Gateway Enhancement project, Water Project and various other projects. This will be scheduled in October and held in the War Memorial Building.

Recorder's Report: Recorder Sayers asked Office Manager Jody Sayres and Councilor Brandon Bowman to sit with him on this year's audit committee.

Planning & Projects: Mr. Ford stated that there has been a lot of permit activity and requests to the Planning Commission and Board of Zoning for variances and rezoning. These hearing are scheduled for August and September.

WV Culture and History gave approval for the location of the cell tower on Andersons Ridge in Wardensville. Alecia Sirk presented proposed signage for the gateways, Park and Pool. Council agreed to proceed with her recommendations.

Police & Public Safety: Chief Driskill reported that the Town was awarded \$156,300 by the COPS Hiring Recovery Program (CHRP), which will cover three years salary and benefits for one officer. The Radio-STAT AM-frequency Traffic Information Station (TIS) has been completely installed and staff trained on message development and equipment use. The station was used recently for the Water Departments boil advisory. Also reported that the Gulfstream Cavalier travel trailer (purchased thru WVSASP) has been picked up and will be retrofitted as an emergency Operations Center during disaster situations.

Public Works. Mr. Dyer reported that during the drilling of the second well that a stream was hit and raw water infiltrated the spring treated water. Dunn Engineers and the WV Health Department advised to do a boil water order. This was in effect August 6th through 11th. During this time samples were taken and all was acceptable. New valves will be installed at the well. Pre-bid meeting for the sewer project will be held on August 20th at 1 p.m. Finally, he reported that the water project would be completed within 30 days and the municipal garage completed by next week.

Volunteer Boards. Volunteer Coordinator Alecia Sirk proposed new fee schedule for the community center gymnasium. Councilor Funkhouser moved to adopt fee schedule effective September 1, 2009. (Councilor Brandon Bowman seconded.) Motion passed, six yeas. The Community Center Board elected new members Marlene Collins and Barbara Hahn. Basketball camps in July were very successful. Lions Club will help in purchasing chairs for the Community Center once prices are obtained. Other items from Mrs. Dyer regarding the Community Center moved to the next scheduled meeting due the Mayor's absence.

Visitor Center. Ms. Sirk is working with Toni Harvey in opening the Visitor Center on August 29th. She is still looking for volunteers for this effort. The Visitor Center is not listed on the Hardy County website at www.visithardy.com.

Amendment 09-02, Sewer Project Bond Ordinance. Councilor Brandon Bowman moved to waive the full reading of the full ordinance. (Councilor Funkhouser seconded.) Motion passed, six yeas. There being no public comment on the ordinance, Councilor Brandon Bowman moved to approve the Ordinance on the second reading. (Councilor Tharp seconded.) Motion passed, six yeas.

Amendment 09-03, Sanitary Sewer Board. Councilor Funkhouser moved to waive the full reading of the full ordinance. (Councilor Brandon Bowman seconded.) Motion passed, six yeas. Councilor Funkhouser moved to approve the Ordinance on the first reading. (Councilor Pappas seconded.) Motion passed, 6 yeas.

Recorder Sayers requested a special meeting for the public hearings on these amendments. Councilor Pappas moved to schedule a special meeting on Monday, August 24, 2009 at 6:30 p.m. (Councilor Funkhouser seconded.) Motion passed, six yeas.

The next regular meeting of Council will be held on September 8, 2009, at 6:30 p.m. in the conference room of the Wardensville Visitor and Conference Center. A special meeting for the public hearing on Amendments 09-02 and 09-03 will be held on August 24, 2009, at 6:30 p.m. in the same location. Council adjourned at 7:55 p.m. upon the motion of Councilor Funkhouser.

Tracey S. Miller, Mayor

ATTEST: John H. Sayers, Recorder

MINUTES
TOWN COUNCIL
MUNICIPALITY OF WARDENSVILLE
HARDY COUNTY, WEST VIRGINIA
August 24, 2009

A special meeting of Wardensville Town Council was called to order at 6:30 p.m. by Mayor Scotty Miller on Monday, August 24, 2009, in the Wardensville Visitor and Conference Center. Present were Recorder John Sayers, Councilors John Bowman, J. Brandon Bowman, Michael Funkhouser, Mark Pappas, and Chester Tharp. Also present were Officer Manager Jody Sayres, Police Chief Jeff Driskill, Public Works Superintendent Brad Dyer, Special Projects Coordinator Pat Ford, Volunteer & Program Coordinator Alecia Sirk, and Community Center Board Chair Vicki Dyer.

Public Hearing: Amendment 09-04: Flood Plain Ordinance & Map. There being no public comment, Councilor Brandon Bowman moved to approve Amendment 09-04 on the second reading. (Councilor Funkhouser seconded.) Motion passed, six yeas.

Amendment 09-03 Sanitary Board. There being no public comment, Council Funkhouser moved to approve Amendment 09-03, establishing a Sanitary Board, on the second reading. (Councilor Brandon Bowman seconded.) Motion passed, six yeas. Members will be recruited and approved at an upcoming meeting. ✓

Zoning: WPC2009-004-Adams-165 Oak Street. The Wardensville Planning Commission denied the application to rezone this property. Upon Mr. Adams' request for a continuance, Mayor Miller moved the hearing to Monday, October 19, 2009 at 6:30 p.m. Mr. Ford gave a briefing of this application.

Community Center & Library. The Hardy County Commission approved an allocation of \$500.00 to the Community Center Library for the fiscal year 09-10. Mayor Miller and Recorder Sayers addressed a lengthy series questions raised by the Community Center Board regarding the Center and its operation. Council made it clear that the volunteer board was to raise funds and sponsor programs for the public space (gymnasium and ballfield) and that Council is responsible for relations with paying tenants in the Center.

Salaries for Sanitary Board. With the new Sanitary Board in place, Council responsibilities will be somewhat diminished and the new board will need payment for services. Councilor Funkhouser moved to reduce Council salaries by \$10 per meeting. (Councilor John Bowman seconded.) Motion passed, six yeas. Councilor Funkhouser moved to approve Recorder Sayers' recommendation of Sanitary Board salary at \$40 per meeting. (Councilor Pappas seconded.) Motion passed, six yeas.

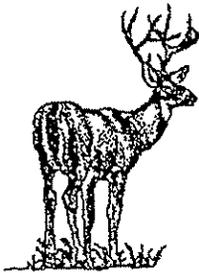
Mr. Ford gave a review of the procedures and responsibilities of Council for Public Hearings. Mayor Miller suggested a mock hearing for Council. This will be scheduled in early September.

At 8 p.m., Recorder Sayers motioned to move to Executive Session to discuss matters of personnel and policy. (Councilor Funkhouser seconded.) Motion passed, six yeas.

The next regular meeting of Council will be held on Tuesday, September 8, 2009, at 6:30 p.m. in the conference room of the Wardensville Visitor and Conference Center. Council adjourned at 8:30 p.m. upon the motion of Councilor Funkhouser.

Tracey S. Miller, Mayor

ATTEST: John H. Sayers, Recorder



WEST VIRGINIA'S VACATIONLAND
TOWN of WARDENSVILLE

25 Warrior Way — PO Box 7
Wardensville WV 26851-0007

Phone 304/874-3950

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Email info@wardensville.com



TOWN OF WARDENSVILLE

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

PETITION OF SANITARY BOARD

The Sanitary Board of the Town of Wardensville (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that sewerage revenue bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed \$1,400,000, for the purpose of financing the costs of certain additions, betterments and improvements and acquisition and construction of certain improvements to the existing public sewerage system of the Town, together with all necessary appurtenances, and the costs of issuance and related costs.

Directed this 5TH day of SEP., 2009.

TOWN OF WARDENSVILLE SANITARY BOARD

By: 
Its: Chairman

07.06.09
940540.00004

SB2009-001

TOWN OF WARDENSVILLE

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

EXCERPT OF MINUTES ON ADOPTION OF SUPPLEMENTAL
RESOLUTION, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned RECORDER of the Town of Wardensville of hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Council:

The Council of the Town of Wardensville met in regular session, pursuant to notice duly posted, on the 10th day of November, 2009, in Hardy County, West Virginia, at the hour of 6:30 p.m.

PRESENT:

Tracey S. Miller, Mayor
John Sayers, Recorder
John Bowman, Councilmember
Michael Funkhouser, Councilmember
Chester R. Tharp, Councilmember
Mark Pappas, Councilmember
J. Brandon Bowman, Councilmember
Tom Aman, Esquire

ABSENT:

NONE

Tracey S. Miller, Mayor, presided, and John Sayers, acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA) OF THE TOWN OF WARDENSVILLE; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Michael Funkhouser and seconded by J. Brandon Bowman it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by John Sayers and seconded by Michael Funkhouser, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Mayor presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by J. Brandon Bowman and seconded by Michael Funkhouser, it was unanimously ordered that the said Sweep Resolution be adopted.

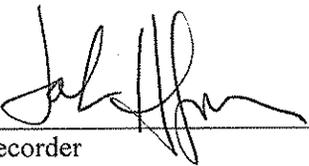
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

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CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Town of Wardensville and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 2nd day of December, 2009.


Recorder

MINUTES
TOWN COUNCIL
MUNICIPALITY OF WARDENSVILLE
HARDY COUNTY, WEST VIRGINIA
August 11, 2009

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Consent Agenda. Councilor Brandon Bowman moved to approve the August 11 Consent Agenda. (Councilor Pappas seconded.) Motion passed, six yeas. Consent agenda items:

- Approve Financial Report of June 2009 and Fiscal Year-End
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Mayors Report: Mayor Miller suggested that the Town hold another Potluck Dinner to update the community on the Gateway Enhancement project, Water Project and various other projects. This will be scheduled in October and held in the War Memorial Building.

Recorder's Report: Recorder Sayers asked Office Manager Jody Sayres and Councilor Brandon Bowman to sit with him on this year's audit committee.

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Visitor Center. Ms. Sirk is working with Toni Harvey in opening the Visitor Center on August 29th. She is still looking for volunteers for this effort. The Visitor Center is not listed on the Hardy County website at www.visithardy.com.

Amendment 09-02, Sewer Project Bond Ordinance. Councilor Brandon Bowman moved to waive the full reading of the full ordinance. (Councilor Funkhouser seconded.) Motion passed, six yeas. There being no public comment on the ordinance, Councilor Brandon Bowman moved to approve the Ordinance on the second reading. (Councilor Tharp seconded.) Motion passed, six yeas.

Amendment 09-03, Sanitary Sewer Board. Councilor Funkhouser moved to waive the full reading of the full ordinance. (Councilor Brandon Bowman seconded.) Motion passed, six yeas. Councilor Funkhouser moved to approve the Ordinance on the first reading. (Councilor Pappas seconded.) Motion passed, 6 yeas.

Recorder Sayers requested a special meeting for the public hearings on these amendments. Councilor Pappas moved to schedule a special meeting on Monday, August 24, 2009 at 6:30 p.m. (Councilor Funkhouser seconded.) Motion passed, six yeas.

The next regular meeting of Council will be held on September 8, 2009, at 6:30 p.m. in the conference room of the Wardensville Visitor and Conference Center. A special meeting for the public hearing on Amendments 09-02 and 09-03 will be held on August 24, 2009, at 6:30 p.m. in the same location. Council adjourned at 7:55 p.m. upon the motion of Councilor Funkhouser.

Tracey S. Miller, Mayor

ATTEST: John H. Sayers, Recorder

MINUTES
TOWN COUNCIL
MUNICIPALITY OF WARDENSVILLE
HARDY COUNTY, WEST VIRGINIA
September 8, 2009

The regular meeting of Wardensville Town Council was called to order by at 6:30 p.m. by Mayor Scotty Miller on Tuesday, September 8, 2009, in the Wardensville Visitor and Conference Center. Present were Recorder John Sayers, Councilors J. Brandon Bowman, John Bowman, Michael Funkhouser, Mark Pappas, and Chester Tharp. Also present were Chief Jeff Driskill, Public Works Superintendent Brad Dyer, Park Chair Red Funkhouser, and Library Chair Marlene Collins. Guests included Amy Pancake (Hardy County Community Foundation) and Jean Flanagan (Moorefield Examiner).

(Parking Lot. Council met informally at 6 p.m. to inspect the parking lot at the Town Hall, Visitor and Conference Center, and Community Center to determine what improvements could be made. Suggestions were compiled and Mr. Ford, Chief Driskill and Mr. Dyer will implement.)

Consent Agenda. Councilor John Bowman moved to approve the April 14 Consent Agenda. (Councilor Brandon Bowman seconded.) Motion passed, six yeas. Consent agenda items:

- Approve Financial Report of July 2009
- Approve Office, Police, Projects and Public Works Reports
- Approve Mayor's appointments to Sanitary Board of David Brill (term to June 30, 2012) and Kirk Wilson of L&W Enterprises (term to June 30, 2011)
- Approve Resolution 09-11, Fair Housing
- Approve Resolution 09-12, Hardy County Hazard Mitigation Plan
- Approve Resolution 09-13, Payment of Invoices on Water Project
- Approve renewal of line of credit with Capon Valley Bank for \$25,000 (Enhancement Project).

Hardy County Community Foundation. Ms. Pancake came to present Mr. Funkhouser and Mayer Miller the first \$500 installment of donations to the Park Operating Fund from the Park Foundation Funds held by the HCCF.

Sanitary Board Petition. Recorder Sayers reported on the first meeting of the new Wardensville Sanitary Board. At the meeting, the Board approved a petition to enact Amendment 09-02 as an ordinance.

Public Hearing: Amendment 09-02, Sewer Project Bond Ordinance. Councilor Brandon Bowman moved to waive the full reading of the full ordinance. (Councilor Funkhouser seconded.) Motion passed, six yeas. There being no public comment on the ordinance, Councilor Funkhouser moved to approve the Ordinance on the final reading. (Councilor John Bowman seconded.) Motion passed, six yeas, the amendment is adopted.

Police & Public Safety. Chief Driskill reported that the AM emergency radio station is in operation, and new community-interest messages will be recorded when the station is not needed for emergency use. He also provided promotional items for Town residents related to the WV Ready emergency awareness program, and distributed same to Council and guests.

Public Works. Mr. Dyer reported that the water project was still ongoing, and that the new public works garage is nearly complete. He also the repair of two large leaks, one on Maple Lane and the other in Warden Acres. The pool will close after Labor Day, and will be painted prior to the start of next year's season. In addition, the Recorder shared the recent decision of the Public Service Commission to approve our modified project to stabilize the Wastewater Treatment Plant lagoons. Following a pre-bid conference in August where eight contractors attended, bids for the sewer project will be opened on Sept. 9 at 1 pm.

Volunteer Boards. Mayor Miller and Recorder Sayers went over in some detail several questions presented to Council by members of the Community Center Board. Overall, Council made clear to the Volunteer Board that the Board's role is to promote and support the public sections of the Center and the ballfield. By law, Council has the responsibility and authority to deal with private renters within the Center. Any disputes between renters and volunteers or among themselves are to be resolved by Council. The Mayor will deal directly with renters and address their concerns. Also, Council reminded the volunteer chairs that it was their responsibility to support and promote the Town in its efforts to maintain and manage a Park, Community Center and Library.

Census Committee. Recorder Sayers moved to appoint Mr. Ford to serve as the Town's representative to the County-wide Census committee. (Councilor Funkhouser seconded.) Motion passed, six yeas.

The next regular meeting of Council will be held on Tuesday, October 13, 2009, at 6:30 p.m. in the conference room of the Wardensville Visitor and Conference Center. Council adjourned at 8:05 p.m. upon the motion of Councilor John Bowman.

Tracey S. Miller, Mayor

ATTEST: John H. Sayers, Recorder

MINUTES
TOWN COUNCIL
MUNICIPALITY OF WARDENSVILLE
HARDY COUNTY, WEST VIRGINIA
July 14, 2009

The regular meeting of Wardensville Town Council was called to order by at 6:30 p.m. by Mayor Scotty Miller on Tuesday, July 14, 2009, in the Wardensville Visitor and Conference Center. Present were Recorder John Sayers, Councilors J. Brandon Bowman, John Bowman, Michael Funkhouser (late), Mark Pappas, and Chester Tharp. Also present were Office Manager Jody Sayres, Police Chief Jeff Driskill, Public Works Operator Amanda Barney, Community Center Chair Vickie Dyer, Volunteer Coordinator Alecia Sirk and Pool Manager John Ray Funkhouser.

Consent Agenda. Councilor Brandon Bowman moved to approve the July 14 Consent Agenda. (Councilor Pappas seconded.) Motion passed, six yeas. Consent agenda items:

- Approve Financial Report of May 2009
- Approve Office, Police, Projects and Public Works Reports
- Approve Resolution 09-07, Payment of Invoices on Water Project

Hardy County Convention and Visitors Bureau. Kelly Williams, executive director of the HCCVB was invited to Council to discuss the dispersion of the Town's tourism funds for FY2009. She did not attend, but Councilor John Bowman, the Town's representative on the CVB, discussed their activities. Recorder Sayers discussed the Town Hotel Occupancy Tax, and how 50% of funds received each year were to go to one or more convention and visitor bureaus serving Wardensville. Previously, the Town had been served by W.Va. Mountain Highlands, but a new organization, the HCCVB, asked for the funds. (The Town has typically collected \$200-\$300 per year to distribute to CVBs.) Recorder Sayers moved to remit 100% of the CVB share of the annual Hotel Tax to the HCCVB for FY09 only, pending a review of HCCVB performance in the coming year. (Councilor Brandon Bowman seconded.) Motion passed, six yeas.

Planning & Projects. Ms. Sirk described progress on the final aspect of the Enhancement Project, signage. Council reviewed and approved designs, and several signs will be fabricated in the next 60 days for installation around the Town this fall.

Police & Public Safety. Chief Driskill reported that staff will receive training on the new low-watt radio station on Aug. 1. He continues to coordinate the efforts for the 5K race planned for this fall. He asked Council to develop a written policy for use of the LED sign by various organizations. He also shared with Council a series of correspondence with the owner of the vacant lot on Main Street adjacent to the funeral home. We have asked our attorney to get involved to try and persuade the property owner to make the site less of a hazard and an eyesore.

Public Works. Mr. Dyer reported continuing work with the water project. Deadlines have been extended by mutual consent. Also, work has begun on two classrooms in the East Wing of the Community Center to be rented out to interested parties. Finally, a new zero-turn mower is helping staff keep ahead of the grass mowing.

Volunteer Boards. Susan Rhoades has agreed to serve on the Library Board, and the Mayor has made the appointment. Recorder Sayers moved to approve the appointment. (Councilor Brandon Bowman seconded.) Motion passed, six yeas. Mrs. Dyer asked how large her board could be. According to Town Code, each volunteer board may have three to five members. She reported on the upcoming basketball camps and planned changes in the gym use fees. She also thanked Councilor Tharp for his work on a new display case for the Community Center. Ms. Sirk has been working with Toni Harvey to try and get the Visitor Center open for regular hours.

Pool Manager. John Ray Funkhouser reported on the operations of the pool this summer. Council thanked Mr. Funkhouser for stepping in to serve as manager at the last minute, and commended him on his work so far. Mr. Funkhouser had kind words for all of his lifeguards, particularly Steven White, who has done a very fine job this year. He is hoping to sponsor a Free Pool Day later this summer with the help of local businesses.

Public Hearing: Zoning Code Update. Council had second reading and public hearing on Amendment 09-01, "Revising and Updating Selected Sections of the Wardensville Zoning Ordinance Related to Filing Procedures." This ordinance was prepared by Mr. Ford and approved by the Wardensville Planning Commission to address certain issues of clarity in the existing code. Being no public comment on the ordinance, Councilor John Bowman moved to approve the amendment upon second reading. (Councilor Funkhouser seconded.) Motion passed, six yeas, the amendment is adopted.

New Business: Sewer Bond Ordinance. The Recorder presented Amendment 09-02, "An Ordinance Authorizing the Acquisition and Construction of Certain Extension, Additions, Betterments and Improvements to the Existing Public Sewerage System of the Town of Wardensville and the Financing of the Cost Thereof, Not Otherwise Provided, Through the Issuance by the Town of Wardensville of Not More Than \$700,000 In Original Aggregate Principal Amount of Sewer Revenue Bonds, Series 2009 A (West Virginia Srf Program), and Not More Than \$700,000 in Original Aggregate Principal Amount of Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA); Providing for the Rights and Remedies of and Security for the Registered Owners of Such Bonds; Authorizing Execution and Delivery of All Documents Relating to the Issuance of Such Bonds; Approving, Ratifying and Comfirming ARRA Assistance Agreements Relating to Such Bonds; Authorizing the Sale and Providing for the Terms and Provisions of Such Bonds and Adopting Other Provisions Relating Thereto." This ordinance allows the Town to secure funding for that part of the Lagoon Stabilization Project not funded by Small Cities Block Grant monies. Recorder Sayers moved to approve the amendment upon first reading. (Councilor Funkhouser seconded.) Motion passed, six yeas. The ordinance will require two more readings, on August 11 and September 15, the last of which being a public hearing.

The next regular meeting of Council will be held on Tuesday, August 16, 2009, at 6:30 p.m. in the conference room of the Wardensville Visitor and Conference Center. Council adjourned at 8:30 p.m. upon the motion of Councilor John Bowman.

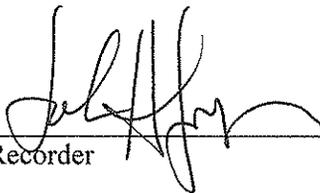
Tracey S. Miller, Mayor

ATTEST: John H. Sayers, Recorder

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Town of Wardensville and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 2nd day of December, 2009.


Recorder

AFFIDAVIT OF PUBLICATON

Cost of Publication \$104.25

State of West Virginia
County of Hardy, to wit:

I, Phoebe Fisher Heishman, being first sworn upon my oath, do depose and say that I am President of the R. E. Fisher Company, a corporation, and publisher of the newspaper entitled THE MOOREFIELD EXAMINER, a Democratic newspaper; that I have been duly authorized by the Board of Directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published twice weekly on Wednesdays and Saturdays, for at least fifty weeks during a calendar year, in the municipality of Moorefield, Hardy County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended within the publication area or areas of aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial, and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

Notice of Public Hearing on the Town of Wardensville Bond Ordinance

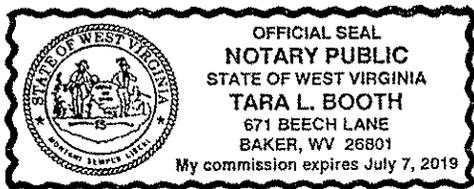
was duly published in said newspaper once a week for 2 successive weeks, commencing with the issue of 26 day of August, 2009, and ending with the issue of the 2 day of September, 2009, and was posted at the N/A on the _____ day of _____, 20_____.

/S/ Phoebe Fisher Heishman
Phoebe Fisher Heishman, Publisher
The Moorefield Examiner

Taken, subscribed and sworn to before me in my said county this 4 day of September, 2009.

My commission expires July 7, 2019.

/S/ Tara L Booth
Notary Public of Hardy County, WV



**NOTICE OF PUBLIC HEARING ON THE
TOWN OF WARDENSVILLE
BOND ORDINANCE**

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of the Town of Wardensville (the "Town") to be held on Tuesday, September 8, 2009, at 6:30 p.m. at the Town Hall, Wardensville, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

**TOWN OF WARDENSVILLE
ORDINANCE AUTHORIZING THE AC-
QUISITION AND CONSTRUCTION OF
CERTAIN EXTENSIONS, ADDITIONS, BET-
TERMENTS AND IMPROVEMENTS TO THE
EXISTING PUBLIC SEWERAGE SYSTEM
OF THE TOWN OF WARDENSVILLE AND
THE FINANCING OF THE COST THEREOF,
NOT OTHERWISE PROVIDED, THROUGH
THE ISSUANCE BY THE TOWN OF WAR-
DENSVILLE OF NOT MORE THAN
\$700,000 IN ORIGINAL AGGREGATE PRIN-
CIPAL AMOUNT OF SEWER REVENUE
BONDS, SERIES 2009 A (WEST VIRGINIA
SRF PROGRAM), AND NOT MORE THAN
\$700,000 IN ORIGINAL AGGREGATE PRIN-
CIPAL AMOUNT OF SEWER REVENUE
BONDS, SERIES 2009 B (WEST VIRGINIA
SRF PROGRAM/ARRA), PROVIDING FOR
THE RIGHTS AND REMEDIES OF AND SE-
CURITY FOR THE REGISTERED OWNERS
OF SUCH BONDS; AUTHORIZING EXECU-
TION AND DELIVERY OF ALL DOCU-
MENTS RELATING TO THE ISSUANCE OF
SUCH BONDS; APPROVING, RATIFYING
AND CONFIRMING ARRA ASSISTANCE
AGREEMENTS RELATING TO SUCH
BONDS; AUTHORIZING THE SALE AND
PROVIDING FOR THE TERMS AND PROVI-
SIONS OF SUCH BONDS AND ADOPTING
OTHER PROVISIONS RELATING THERE-
TO.**

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) funding the Series 2009 A Reserve Account; and (iii) to pay certain costs of issuance of the Bonds of this Series and related costs. The Bonds are payable only from the Net Revenues to be derived from the operation of the System. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the Town of Wardensville on August 11, 2009. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

Following the public hearing, the Town intends to enact the Ordinance upon final reading.

/s/ John Sayers
Recorder

8/26, 9/2 2c.

WV MUNICIPAL BOND COMMISSION

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

NEW ISSUE REPORT FORM

Date of Report: 12/2/2009

(See Reverse for Instructions)

ISSUE: <u>Town of Wardensville</u> <u>Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program)</u>	
ADDRESS: <u>P O Box 7, Wardensville, WV 26851</u>	COUNTY: <u>Hardy</u>
PURPOSE OF ISSUE: New Money: <u>X</u> Refunding: _____	
REFUNDS ISSUE(S) DATED: _____	CLOSING DATE: <u>12/2/2009</u>
ISSUE DATE: <u>12/2/2009</u>	RATE: <u>0% 1% Administrative Fee</u>
ISSUE AMOUNT: <u>\$279,782</u>	1ST PRINCIPAL DUE <u>6/1/2011</u>
1ST DEBT SERVICE DUE: <u>6/1/2011</u>	PAYING AGENT: <u>Municipal Bond Commission</u>
1ST DEBT SERVICE AMOUNT <u>\$1,806</u>	
BOND COUNSEL: Firm: <u>Steptoe & Johnson PLLC</u> Contact: <u>John Stump, Esquire</u> Phone: <u>(304) 353.8196</u>	UNDERWRITERS COUNSEL Firm: <u>Jackson Kelly, PLLC</u> Contact: <u>Samme Gee, Esquire</u> Phone: <u>(304) 340-1318</u>
CLOSING BANK: Bank: <u>Capon Valley Bank</u> Contact: <u>Alan Brill</u> Phone: <u>304.874.3531</u>	ESCROW TRUSTEE: Firm: _____ Contact: _____ Phone: _____
KNOWLEDGEABLE ISSUER CONTACT Contact: <u>Tracey S. Miller</u> Position: <u>Mayor</u> Phone: <u>304.874.3950</u>	OTHER: Agency: <u>WV Department of Environmental Protection</u> Contact: <u>Rosalie Brodersen</u> Position: <u>Program Manager</u> Phone: <u>304.926.0499 x 1608</u>
DEPOSITS TO MBC AT CLOSE By: _____ Wire _____ _____ Check _____	
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. Fun \$ _____ To Other: _____ \$ _____	
NOTES: <u>The Series 2009 A Bonds Reserve Account to be funded over 10 years.</u> _____ _____	
FOR MUNICIPAL BOND COMMISSION USE ONLY: DOCUMENTS REQUIRED: _____ TRANSFERS REQUIRED: _____ _____	

TOWN OF WARDENSVILLE

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Capon Valley Bank, Wardensville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Wardensville (the "Issuer") enacted by the Issuer on September 8, 2009, and a Supplemental Resolution adopted by the Issuer on November 10, 2009 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), each dated December 2, 2009, in the respective aggregate principal amounts of \$279,782 and \$179,782 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 2nd day of December, 2009.

CAPON VALLEY BANK

By: Alon R. Buee, Pres & CEO
Its: Authorized Officer

11.05.09
940540.00004

CH5211363

TOWN OF WARDENSVILLE

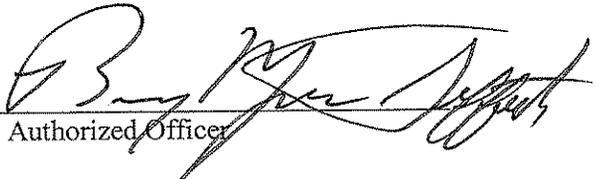
Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Wardensville Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), each dated December 2, 2009, in the respective aggregate principal amounts of \$279,782 and \$179,782 (collectively, the "Series 2009 Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2009 Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2009 Bonds.

WITNESS my signature on this 2nd day of December, 2009.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

10.30.09
940540.00004

TOWN OF WARDENSVILLE

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

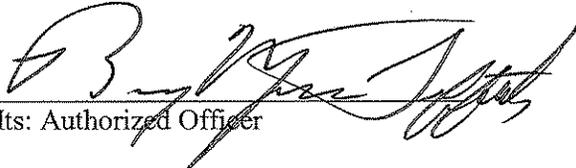
CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the Town of Wardensville (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), of the Issuer, dated December 2, 2009, in the principal amount of \$279,782, numbered AR-1, and the single, fully registered Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, dated December 2, 2009, in the principal amount of \$179,782, numbered BR-1, were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 2nd day of December, 2009.

THE HUNTINGTON NATIONAL BANK

By:


Its: Authorized Officer

11.03.09
940540.00004

CH5211371

TOWN OF WARDENSVILLE

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 2nd day of December, 2009, by and between the TOWN OF WARDENSVILLE, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$279,782 principal amount of Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program) and \$179,782 principal amount of Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), in fully registered form (collectively, the "Series 2009 Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted September 8, 2009, and a Supplemental Resolution of the Issuer duly adopted November 10, 2009 (collectively, the "Bond Legislation");

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

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2009 Bonds; and

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Series 2009 Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2009 Bonds upon original

issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest, if any, on the Series 2009 Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

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

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

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

ISSUER:
Town of Wardensville
P O Box 7
Wardensville, West Virginia 26851
Attention: Mayor

REGISTRAR:
Huntington National Bank
1 Huntington Square
Charleston, West Virginia 25301

8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The registrar shall carry out applicable requirements of 40 CFR part 33 in the award and administration of contracts awarded under EPA financial assistance

agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legal available remedies.

9. The Registrar is hereby requested and authorized to authenticate and deliver the Series 2009 Bonds in accordance with the Bond Legislation.

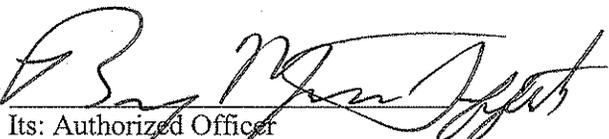
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IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF WARDENSVILLE

By:  _____
Its: Mayor

HUNTINGTON NATIONAL BANK

By:  _____
Its: Authorized Officer

11.06.09
940540.00004

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2
SCHEDULE OF COMPENSATION

(See Attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633



STATEMENT OF REGISTRAR'S FEES
Invoice Date December 2, 2009

Town of Wardensville
Account Number 6089001809

Town of Wardensville
Sewer Revenue Bonds, Series 2009 A
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR December, 2009

TOTAL AMOUNT	\$	500.00
TOTAL DUE	\$	<u>500.00</u>

- * FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
- * IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
- * .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . *
- * .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 *

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633



STATEMENT OF REGISTRAR'S FEES
Invoice Date December 2, 2009

Town of Wardensville
Account Number 6089001809

Town of Wardensville
Sewer Revenue Bonds, Series 2009 B
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR December, 2009

TOTAL AMOUNT	\$	500.00
TOTAL DUE	\$	<u>500.00</u>

- * FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
- * IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
- * .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY.. *
- * .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

TOWN OF WARDENSVILLE
Sewer Revenue Bond, Series 1979

BOND ORDINANCE

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TOWN OF WARDENSVILLE

ORDINANCE AUTHORIZING THE ISSUANCE OF \$250,000 SEWER REVENUE BOND, SERIES 1979, OF THE TOWN OF WARDENSVILLE TO FINANCE THE COSTS OF ACQUISITION AND CONSTRUCTION OF A NEW SEWERAGE SYSTEM OF THE TOWN; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR RATES FOR THE SERVICES OF THE SYSTEM AND FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance is enacted pursuant to the provisions of Article 13, Chapter 16 of the West Virginia Code and other applicable provisions of law.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Town of Wardensville (the "Town"), in the County of Hardy, State of West Virginia, does not now have a public sewerage system. The inhabitants of the Town and surrounding area urgently require that a public sewerage system be constructed and acquired as herein provided. The Sanitary Board of the Town has duly petitioned the Council for passage of this Ordinance, which petition has been heretofore filed with the Recorder.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the said inhabitants, and, accordingly, it is hereby ordered that the Town cause to be constructed and acquired a new public sewerage system, consisting of collection and main lines, pumping stations and a sewage treatment plant, with all necessary appurtenant facilities (such new sewerage system and

all appurtenant facilities being collectively called the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recorder.

(C) It is necessary for the Town to issue its revenue bond in the principal amount of \$250,000 to finance the costs of acquisition and construction of the Project in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is \$1,451,300, of which \$250,000 will be obtained from the proceeds of sale of the Bond herein authorized and the balance will be obtained from grants as follows:

Environmental Protection Agency	\$969,200
State Water Development Authority	62,100
State of West Virginia (Partnership Grant)	170,000

(E) The costs of such acquisition and construction of the Project shall be deemed to include, without being limited to, the construction and acquisition of the sewerage system; the acquisition of any necessary additional property, real or personal, or interest therein; interest on the Bond during and for six months after the estimated completion of such construction to the extent that revenues of the System (hereinafter defined) are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby.

(F) The period of usefulness of the System after completion of the Project is not less than forty years.

(G) There are not outstanding any revenue bonds or other obligations of the Town which would have priority over or be on a parity with the Bond hereby authorized as to liens and source of and security for payment.

Section 1.03. Ordinance to Constitute Contract. In consideration of the acceptance of the Bond authorized to be issued hereunder by the Holder, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholder, and the covenants and agreements herein set forth to be performed by the Town shall be for the benefit, protection and security of the legal holder of the Bond.

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

"Act" means Article 13, Chapter 16 of the West Virginia Code.

"Bond" means the \$250,000 Sewer Revenue Bond, Series 1979, originally authorized to be issued pursuant to this Ordinance; and also includes any additional bonds hereafter issued on a parity with the 1979 Bond within the terms, restrictions and conditions contained in this Ordinance.

"Consulting Engineer" means W. D. Kelley, of Lewisburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Town as Consulting Engineer for the System.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Government" means United States of America, acting by and through the United States Department of Agriculture, Farmers Home Administration.

"Herein" means in this Ordinance.

"Holder of the Bonds" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond or Bonds.

"Mayor" means the Mayor of the Town.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, sal-

aries, wages and administrative expenses of the City relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices.

"Original Purchaser" means the purchaser, directly from the Town, of any series of bonds issued pursuant hereto, or any part of any such series.

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

"Recorder" means the Recorder of the Town.

"Reserve Requirement" means the maximum annual aggregate amount of interest and principal which will fall due on the Bonds outstanding.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Town, or accrued to the Town, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"System" means the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include any and all additions, extensions, improvements, properties, or other facilities at any time acquired or constructed for the sewerage system after completion of the Project.

"Town" means the Town of Wardensville, in Hardy County, West Virginia, and where appropriate, also means the Common Council thereof, the Sanitary Board, and any other department, board, agency or instrumentality thereof at any time in control of the management and operation of the System.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include

firms and corporations.

Section 1.05. Use of Sewer Facilities Mandatory. The mandatory

use of the sewer facilities is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare and the economy of the inhabitants of the Town and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the sewer facilities. Accordingly, every owner, tenant and occupant of every lot, parcel and tract of land which abuts on a street, alley or other public way in which any sewer line, main or facility is located, or which is located within a reasonable distance thereof, not exceeding 300 feet, and reasonably accessible thereto, and upon which lot, parcel or tract a building or other habitable structure has been or shall be erected for residential, commercial or industrial use, shall connect the waste or sewage lines of such building or structure with the System immediately upon completion of the Project if sewage will flow by gravity from such building or structure into the System, and shall thereupon and thereafter refrain from using and shall cease to use any other method for the disposal of sewage or water-borne waste matter and shall pay all charges, fees and rates lawfully provided for use of such sewer facilities.

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

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions hereof, a Bond of the Town to be known as "Sewer Revenue Bond, Series 1979" is hereby authorized to be issued in the aggregate principal amount of not exceeding Two Hundred Fifty Thousand Dollars (\$250,000) for the purpose of financing part of the costs of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in negotiable form, without coupons, and shall be dated on the date of delivery thereof. The Bond shall bear interest from date at the rate of five per centum (5%) per annum. The minimum price for the Bond shall be the par value thereof.

Prepayments of principal of the Bond may be made at any time without penalty.

The Bond shall be payable in amounts and at the place or places as provided in the form therefor hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Town by the Mayor and the corporate seal of the Town shall be affixed thereto and attested by the Recorder. The Bond may be signed and sealed on behalf of the Town by such person as at the actual time of the execution thereof shall hold the proper office in the Town, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 2.04. Negotiability. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the laws of the State of West Virginia.

Section 2.05. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Town may, in its discretion, issue and deliver a new Bond of like tenor

as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Town proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Town may require. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.06. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a lien on the net revenues derived from the System. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of installments of the principal of and interest on the Bond as the same become due as herein provided.

Section 2.07. Form of Bond. Subject to the provisions hereof, the text of the Bond shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Ordinance or any subsequent ordinance or resolution enacted or adopted prior to the issuance thereof:

(Form of Bond)

SEWER REVENUE BOND
SERIES 1979

TOWN OF WARDENSVILLE

\$250,000

No. 1

Date: July 25, 1980

FOR VALUE RECEIVED, the TOWN OF WARDENSVILLE (herein called "Borrower") promises to pay to the order of the United States of America acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government") at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Hundred Fifty Thousand Dollars (\$250,000), plus interest on the unpaid principal at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on or before one month after the date hereof and each month thereafter for the first twenty-four months after the date hereof, and \$1,228, covering principal and interest in each month thereafter, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the

holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions for the sewerage system of the Borrower, is payable solely from the revenues to be derived from the operation of such sewerage system after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the sewerage system. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including among others, Article 13 of Chapter 16 of the West Virginia Code (herein called the "Act"), and with an Ordinance of the Borrower duly enacted.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

[CORPORATE
SEAL]

TOWN OF WARDENSVILLE

By _____
Mayor

Town Hall
Wardensville, West Virginia 26851

ATTEST:

Recorder

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		TOTAL \$	

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

ARTICLE III

BOND PROCEEDS; REVENUES AND
APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. All moneys received from the sale of the Bond and all moneys received under any construction loan shall be deposited on receipt by the Town in the Capon Valley Bank, Wardensville, West Virginia, a member of Federal Deposit Insurance Corporation (FDIC), in a special account hereby now established and designated as "Town of Wardensville Sewerage System Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Town solely for the purposes provided herein.

Until completion of construction of the Project, the Town will pay from the Project Construction Account such sums as shall be from time to time required to pay the interest becoming due on the Bond.

If the Town shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Town may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be promptly used in accordance with the regulations of the Government.

Section 3.02. Covenants as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and the Reserve Account therein hereinafter established, a sum sufficient to pay the entire principal of the Bond remaining unpaid together with interest accrued thereon, the Town further covenants with the holder of the Bond issued pursuant hereto as follows:

(A) Sewer Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Town in a special fund known as the "Sewer Revenue Fund" hereby established with said Bank. The Sewer Revenue Fund shall constitute a trust fund for the purposes provided herein, and shall be kept separate and distinct from all other funds of the Town and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Sewer Revenue Fund shall be disposed of only in the following order and priority:

(1) The Town shall first, each month, from the moneys in the Sewer Revenue Fund, pay the Operating Expenses for the previous month.

(2) The Town shall next, each month, pay from the Sewer Revenue Fund to the Bondholder, as provided in the Bond, the installment payment required by the terms of the Bond.

(3) The Town shall next, each month, transfer from the Sewer Revenue Fund and deposit into the Reserve Account hereby established in said Bank, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the Bond until the amount in the Reserve Account equals such maximum annual aggregate amount of interest and principal (such account being called the "Reserve Requirement"). After the Reserve Requirement has been accumulated in the Reserve Account, the Town shall monthly pay into the Reserve Account such part of the moneys remaining in the Sewer Revenue Fund, after such

Provision for payment of maturing principal of and interest on the Bond, as shall be required to maintain the Reserve Requirement. Moneys in the Reserve Account shall be used solely to make up any deficiency of revenues for payment of the principal of and interest on the Bond as the same shall mature or for mandatory prepayment of the principal of the Bond as hereinafter provided and for no other purpose.

(4) The Town shall next, each month, transfer from the Sewer Revenue Fund the moneys then remaining therein and shall deposit the same in the Depreciation Reserve hereby established with the said Bank until there has been accumulated therein the sum of \$45,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used by the Town first to make up any deficiencies for the payment of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom to pay such principal or interest. Thereafter, and provided that payments of installments of the Bond and into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Town and used for extensions, replacements and improvements of the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Sewer Revenue Fund, as the case may be, have been fully complied with, any moneys remaining therein may be used to prepay the principal of the Bond or for any lawful purpose in connection with the System.

Whenever the moneys in the Reserve Account shall be sufficient to pay or prepay the Bond, it shall be the mandatory duty of the Town, anything to the contrary in this Ordinance notwithstanding, to pay or prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Bond and accrued interest thereon to such prepayment date.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided

herein, and until so used the Bondholder shall have a lien thereon for further securing payment of the Bond and the interest thereon. The moneys in excess of the sum insured by FDIC in the Sewer Revenue Fund, the Reserve Account and the Depreciation Reserve shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to place the required amount in any of the funds or accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to those which would otherwise be required to be made into the funds or accounts on the subsequent payment dates.

The Town shall keep the moneys in the Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years.

(D) The Bank in which the funds provided for in this Section are on deposit shall not be the trustee of any of such funds, but merely the depository thereof.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Town and the Bondholder.

Section 4.02. Rates. The Town will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the average annual debt service on the Bond and to make the payments required herein to be made for payment of the Bond and the interest thereon and into the Reserve Account and the Depreciation Reserve, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of without the prior written consent of the Government. Such consent will specify the use of the proceeds of any such disposition.

Section 4.04. Covenant Against Encumbrances. The Town will not issue any obligations whatsoever payable from the revenues of the System without the prior written consent of the Government.

Section 4.05. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System, shall be issued after the issuance of the Bond pursuant hereto, except upon prior written consent of the Government.

Section 4.06. Insurance and Bonds. The Town hereby covenants and agrees that so long as the Bond remains outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and

maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Town will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Town will itself, or will require each contractor and subcontractor to obtain and maintain builder's risk insurance to protect the interests of the Town during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Town from claims for bodily injury and/or death and not less than \$200,000 from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the Town owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Town is operated for the benefit of the Town, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Town from claims for bodily injury and/or death, and not less than \$200,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of or for the System Eligible Therefor; and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be

required of each contractor dealing directly with the Town and such payment bonds will be filed with the Clerks of the County Commissions of said Counties prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every officer and employee of the Town having custody of the Sewer Revenue Fund or of any other funds of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the Recorder, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) National Flood Insurance, to the extent available, must be in effect.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Government holds the Bond, the Town will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Town and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any installment of the principal or interest due on the Bond on the date specified for the payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Town in the Bond or herein, or violation of or failure to observe any provision of any pertinent law, provided any such failure or violation, excluding those covered in (A) above in this Section, shall continue for a period of thirty days after written notice shall have been given to the Town by the Bondholder specifying such failure or violation and requiring the same to be remedied.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, any Bondholder may proceed to protect and enforce the rights of the Bondholders by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by such Bondholder, such court may, upon proof of such default, appoint a receiver for the affairs of the Town and the System. The receiver so appointed shall administer the System on behalf of the Town, shall exercise all the rights and powers of the Town with respect to the System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Town agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Council. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

If for any reason the Town shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current

Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Town. Each such Budget of Current Expenses shall be delivered and mailed immediately as in the case of the Annual Budget.

Section 4.10. Covenant to Proceed and Complete. The Town hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder on the date of enactment hereof, subject to permitted changes.

Section 4.11. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town in which complete and correct entries shall be made of all transactions relating to the System, and the holder of the Bond, its agents and representatives, shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Town relating thereto.

The Town shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants, shall mail a copy of such audit report to the Government, and shall make available the report of said accountants at all reasonable times to any customer receiving services from the System, or anyone acting for and in behalf of such Bondholder or customer. The Government, so long as it holds the Bond, may permit substitution of a copy of the annual audit report by the office of the State Tax Commissioner for the copy of annual audit report by a certified public accountant.

Section 4.12. Maintenance of the System. The Town covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.13. No Competition. The Town will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Town or within the territory served by the System.

Section 4.14. Initial Connections. The Bond will not be issued until the Mayor has certified that not less than 179 bona fide customers will be connected with the System upon completion of the Project and that not less than \$4,475 based upon a tap fee of \$25 each, has been collected from the proposed customers and deposited in the Sewer Revenue Fund.

Section 4.15. Arbitrage Covenant. The Town shall not permit at any time or times any of the proceeds of the Bond or any other funds of the Town to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as follows:

SCHEDULE NO. I

APPLICABILITY

Applicable inside and outside the boundaries of the Town of Wardensville. Effective when Consulting Engineer certifies that project is substantially complete and in service.

AVAILABILITY

Available for metered general domestic, commercial and industrial service except unusual industrial waste.

RATES

First	1,000 gallons used per month	\$6.30 per 1,000 gallons
Next	2,000 gallons used per month	2.70 per 1,000 gallons
Next	2,000 gallons used per month	1.80 per 1,000 gallons
Next	5,000 gallons used per month	1.44 per 1,000 gallons
All Over	10,000 gallons used per month	1.08 per 1,000 gallons

Minimum Monthly Bill \$6.30 per month

DELAYED PAYMENT PENALTY

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

MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, including trailer courts (mobile or immobile), each family or business unit shall be required to pay not less than the minimum monthly charge herein established. Motels and hotels shall pay according to the amount of water used.

SCHEDULE NO. 4

SURCHARGE FORMULA TO BE APPLIED IN THE CASES OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$C_i = V_o V_i + B_o B_i + S_o S_i$$

- C_i = Charge to unusual users per year
- V_o = Average unit cost of transport and treatment chargeable to volume, in dollars per gallon
- V_i = Volume of waste water from unusual users, in gallons per year
- B_o = Average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD), in dollars per pound
- B_i = Weight of BOD from unusual users, in pounds per year
- S_o = Average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound
- S_i = Weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgment of the Town of Wardensville, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefor, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Town of Wardensville records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Town of Wardensville, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

B. The Town will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Town or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

C. The Town may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

D. No allowance or adjustment in any bill for use of the services and facilities of the System shall be made for any leakage occurring on the customer's side of any water meter.

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

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

G. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions hereof, and the Town shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but not less than 110% of the average annual debt service on the Bond.

H. The Town will not accept payment of a water or a sewer bill separately, when the customer concerned owes for both water and sewer services. For non-payment of charges for water or sewer services, or both, the Town, after notice of discontinuance in accordance with the applicable Public Service Commission rules and regulations, will shut off water service and lock the meter, and will restore service only upon payment of all water and sewer charges and accrued penalties.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. No material modification or amendment of this Ordinance, or of any ordinance amendatory hereof or supplemental hereto, may be made without the consent in writing of the Government.

Section 6.02. Award of Bond. The Bond is hereby awarded to the Government.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions hereof or the Bonds or coupons appertaining thereto.

Section 6.04 Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided, that this Section shall not apply to Form Fm3A 442-47 Loan Resolution (Public Bodies) adopted by the Town.

Section 6.05. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.06. Effective Time. This Ordinance shall take effect following public hearing hereon in accordance with the Act.

Section 6.07. Statutory Notice and Public Hearing. Upon adoption hereof, this Ordinance 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 Moorefield Examiner, a newspaper published in Hardy County, and of general circulation in said Town, there being no newspaper published in the Town, together with a notice stating that this Ordinance has been adopted and that the Town contemplates the issuance of the Bond described in the Ordinance, and that any person interested may appear before the Council upon a date certain, stated in such notice, which date shall be not less than ten days subsequent to the date of the second publication of the said Ordinance and notice, and present protests. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading February 16, 1979

Passed on Second and
Final Reading February 27, 1979

Effective following public hearing held on the date of
Second and Final Reading stated above.



Mayor



Recorder

SPECIMEN

SEWER REVENUE BOND
SERIES 1979

TOWN OF WARDENSVILLE

\$250,000

No. 1

Date: July 25, 1980

FOR VALUE RECEIVED, the TOWN OF WARDENSVILLE (herein called "Borrower") promises to pay to the order of the United States of America acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government") at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Hundred Fifty Thousand Dollars (\$250,000), plus interest on the unpaid principal at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on or before one month after the date hereof and each month thereafter for the first twenty-four months after the date hereof, and \$1,228, covering principal and interest in each month thereafter, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

07/24/80

14.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions for the sewerage system of the Borrower, is payable solely from the revenues to be derived from the operation of such sewerage system after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the sewerage system. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including among others, Article 13 of Chapter 16 of the West

Virginia Code (herein called the "Act"), and with an Ordinance of the Borrower duly enacted.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

[CORPORATE
SEAL]

TOWN OF WARDENSVILLE

By _____
Mayor

Town Hall
Wardensville, West Virginia 26851

ATTEST:

Recorder

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL \$ _____

ASSIGNMENT

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)



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

December 2, 2009

Town of Wardensville
Sewer Revenue Bonds, Series 2009 A
(West Virginia West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia West Virginia SRF Program/ARRA)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (a) consents to the issuance of the Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), in the original aggregate principal amount of \$279,782 and Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), in the original aggregate principal amount of \$179,782 (collectively, the "Bonds"), by the Town of Wardensville (the "Issuer"), under the terms of the bond ordinance authorizing the issuance of the Bonds (the "Ordinance"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 1979 (United States Department of Agriculture), dated July 25, 1980, issued in the original aggregate principal amount of \$250,000 (the "Prior Bonds"); and (b) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the Bonds or the Ordinance; and (c) consents to any amendments made to the Prior Ordinance by the Ordinance.

WITNESSETH my signature on this 2nd day of December, 2009.


State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

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

PRODUCER
 Commercial Insurance Services
 340 MacCorkle Ave. Ste #200
 Charleston WV 25314
 Phone: 304-345-8000 Fax: 304-345-8014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
 Town of Wardensville
 John H. Sayers, Recorder
 25 Warrior Way, P.O. Box 7
 Wardensville WV 26851-0007

INSURERS AFFORDING COVERAGE

NAIC #

INSURER A: Argonaut Great Central Ins. Co
 INSURER B:
 INSURER C:
 INSURER D:
 INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSURER LTR INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	PE-4614861-02	07/01/09	07/01/10	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 MED EXP (Any one person) \$ N/A PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 6,000,000 PRODUCTS - COMP/OP AGG \$ 6,000,000 Emp Ben. 2,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	PE-4614861-02	07/01/09	07/01/10	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
A	EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 0	PE-4614861-02	07/01/09	07/01/10	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000 \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	PE-4614861-02	07/01/09	07/01/10	WC STATUTORY LIMITS OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
	OTHER				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 Certificate holder is named as additional insured as respects Town of Wardensville's water project.

CERTIFICATE HOLDER

WVWDCHA

WV Water Development Authority
 180 Association Drive
 Charleston WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

[Signature]



**STEP TOE &
JOHNSON**
P L L C
ATTORNEYS AT LAW

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

Writer's Contact Information

CLOSING MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: December 2, 2009
Re: Town of Wardensville Sewer Revenue Bonds, Series 2009 A (West Virginia SRF Program), Sewer Revenue Bonds Series 2009 B (West Virginia SRF Program/ARRA)

1. DISBURSEMENTS TO THE TOWN OF WARDENSVILLE

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2009 B Bonds Proceeds
Amount:	\$26,000
Form:	Wire Transfer
Payee:	Town of Wardensville, P O Box 7, Wardensville, WV 26851
Bank:	Capon Valley Bank
Routing #:	052203703
Account #:	213470
Contact:	Alan Brill, 304.874.3531
Account:	Series 2009 Bonds Construction Trust Fund

11.06.09
940540.00004

TOWN OF WARDENSVILLE

RESOLUTION OF THE TOWN OF WARDENSVILLE APPROVING INVOICES RELATING TO ACQUISITION AND CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED WASTEWATER PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Town of Wardensville has reviewed the invoices attached hereto and incorporated herein by reference relation to the construction of the wastewater Project funded by a Small Cities Block Grant (SCBG), and DEP Clean Water State Revolving Fund loans contribution and find as follows:

- a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.
- b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.
- c) That each of such costs has been otherwise properly incurred.
- d) That the payment for each of the items proposed is due and owing.

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

Vendor	Total	DEP	SCBG
Huntington Banks (Registrar)	1,000.00	1000.00	0.00
Steptoe & Johnson (Bond Counsel)	25,000.00	25,000.00	0.00
Total	26,000.00	26,000.00	0.00

ADOPTED BY the Town of Wardensville, at the meeting held on the 10th day of November, 2009.

By: 

Its: Mayor

OWR Permit Details

(1)OWR Permit		
PERMITTEE	WARDENSVILLE TOWN OF	
DEP OFFICE	OWR	
PERMIT ID	WVR104304	
ISSUE/REISSUE DATE	03/19/09	
EXPIRATION DATE	12/04/12	
FACILITY NAME	WASTEWATER LAGOON IMPROVEMENTS	
DESCRIPTION	N/A	
No. of CUSTOMERS		
DISTURBED ACRES	5.60	
SLUDGE TONNAGE		
DESIGN FLOW(MGD)		
AVERAGE FLOW(MGD)		
MAJOR FACILITY	N	
EXTENSION DATE		
(1)Permit Status		
ACTIVE YES/NO		Y
OPEN/CLOSED		O
STATUS		New
(1) County / Quad		
County: Hardy	Quad: WARDENSVILLE	
(1) Inspectable Units		
INSPECTABLE UNIT CODE		TYPE
ENTIRE		Entire Default
(1) Permit Geography		
INSPECTABLE UNIT CODE:	ENTIRE	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	39° 5'31.0000"	
LONGITUDE:	78° 35'13.0000"	
COUNTY:	Hardy	
USWRC WATERSHED:	Cacapon River	
SCS WATERSHED:	Cacapon River	

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL & WASHINGTON STREETS 1 DAVIS SQUARE, STE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

PERMIT

(Sewer)
PROJECT: WWTP Improvements

PERMIT NO.: 18.281

LOCATION: Wardensville

COUNTY: Hardy

DATE: 4-9-2009

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

**Town of Wardensville
Post Office Box 7
Wardensville, West Virginia 26851**

is hereby granted approval to: upgrade the existing Town of Wardensville wastewater treatment facilities. Major improvements will consist of the installation of a mechanical bar screen; the addition of a 5 hp aerator in Lagoon No. 1; the addition of a baffle in Lagoon Nos. 1 and 2; adding liquid chlorine and sodium bi-sulfate chemical feed equipment for chlorination and de-chlorination; rip-rap of the interior of both lagoons; addition of Gabion mattresses on the exterior of both lagoons; building facility improvements; and restructure of the WWTP entrance roadway to reduce the scouring effects of flooding.

The Environmental Engineering Division of the OEHS-Kearneysville District Office, (304) 725-9453, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR


William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:cls

pc: Dunn Engineers, Inc.
Katheryn Emery, P.E., DEP
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Hardy County Health Department
OEHS-EED Kearneysville DO

RECEIVED

APR 13 2009

DUNN ENGINEERS, INC.

SWEEP RESOLUTION

TOWN OF WARDENSVILLE

WHEREAS, the Town of Wardensville (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

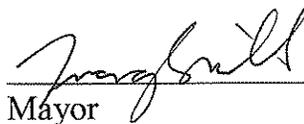
WHEREAS, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the administrative fees, monthly debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

- 1) The monthly debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer, to the extent funds are available, by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.
- 2) The Mayor and Recorder are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.
- 3) This resolution shall be effective immediately upon adoption.

Adopted this 10th day of November, 2009.



Mayor



American Recovery and Reinvestment Act of 2009 (ARRA)

Project Certification

Program: West Virginia Clean Water State Revolving Fund

Project: Wardensville, Hardy County

Description:

Wastewater treatment plant improvements consisting of flood protection, new disinfection equipment and building repairs, new lagoon aerators and floating baffles.

Total Project Cost

\$1,601,564

ARRA Assistance Provided

\$179,782

I hereby certify that the above project has received the full review and vetting required by federal law and that the investment of federal and state funds in this infrastructure project is an appropriate use of taxpayer dollars.

This certification will be posted on the Governor's website and linked to the federal ARRA website www.recovery.gov.


Randy C. Huffman, Cabinet Secretary


Date



west virginia department of environmental protection

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 16th day of April 2009

GENERAL ORDER NO. 182.09

Public Service Commission intended procedures concerning water and sewer projects that are funded with federal stimulus funds.

COMMISSION ORDER

Earlier this year, Congress enacted and the President signed the *American Recovery and Reinvestment Act of 2009*. Under this legislation, the State of West Virginia is to receive certain stimulus funds, a portion of which will be dedicated to the construction of water and sewer infrastructure. The Public Service Commission ("Commission") has received information from various funding agencies. The State Bureau for Public Health through its drinking water treatment revolving fund will have approximately \$19.5 million for water projects. In addition, the State Department of Environmental Protection through the clean water state revolving fund will have approximately \$61 million for sewer projects. Both of these state agencies have indicated that they intend to have the projects bid by August 2009 and contracts awarded by October 2009. In addition, certain other stimulus funds for water and sewer projects will be administered by the U.S. Department of Agriculture, Rural Utilities Service.

Although the Commission is not a funding source for the stimulus funds, it will nonetheless be called upon to process utility applications for certificates of public convenience and necessity ("certificates") to authorize the construction of stimulus-funded water and sewer projects. Given the aggressive schedule planned by the funding agencies, and the requirement in the federal law that water and sewer projects be "shovel ready," meaning under construction within a quick time line, the Commission intends to expedite these applications to the greatest extent possible consistent with existing State Law.

As a preliminary observation, the Commission would stress that applications must be complete and the statutory thirty-day notice to the public must be given at the outset of the application. Failure to file complete applications or failure to provide timely public notice will lead to delays in processing projects and jeopardize the ability to receive federal stimulus funds. The Commission anticipates that it will receive (i) new applications for water and sewer projects using federal stimulus funds, (ii) amendments to pending applications

containing some measure of federal stimulus funds, and (iii) petitions to reopen certificates already issued seeking to amend funding by including federal stimulus funds. The Commission issues this General Order to inform the public, regulated utilities, attorneys who practice before the Commission, funding agencies, and the staff of the Commission of its intended procedures and processes.

With respect to new stimulus project applications, the Commission intends that applicants and Staff observe the following procedures. At the outset, the Commission again stresses that it is essential that a utility project sponsor file a complete application and provide timely public notice of its application.

1. Staff assigned to the case should immediately review the filing to determine if it is complete. The Initial Joint Staff Memorandum should be filed within ten days.¹

2. If the filing is complete and does not require an increase in rates for the project, Staff should file its Final Joint Staff Memorandum in thirty-five days which allows for the protest period assuming the applicant has timely published notice.

3. If the filing is complete and includes a proposed increase in rates for the project, Staff may deem it necessary to file a data request for items needed to complete the review and make a final Staff recommendation. This data request should be filed within ten days. The applicant should expedite its response to Staff's requests and Staff should file its Final Joint Staff Memorandum within forty-five to sixty days.

4. If the filing is not complete, irrespective of whether or not the application seeks an increase in rates, Staff should file a data request, if necessary, for the items needed to complete the review and make a final Staff recommendation. This data request should be filed within ten days. The applicant should expedite its responses to Staff's requests and Staff should file its Final Joint Staff Memorandum within forty-five to sixty days.

5. If rates are required for the project and a rate change has not been included with the application:

- A. For municipalities, the processing time is out of the Commission's ability to control. Staff needs to determine where the municipality is in the ordinance process and what else is needed to process the case. This should all be part of the Initial Joint Staff Memorandum to let the Commission know if the case can be processed or needs dismissed. (Certificates and rate ordinances need to be coordinated for a municipal appeal.) Data requests should still be filed within the ten-day period.

¹ Days in this Order are calendar days. Filings due on weekends or holidays are due the next working day.

- B. Public service districts (“districts”) that need rates for the project can follow steps 1 and 3 or 4 above.
- C. Districts that require rates outside of the project and are in default on bonds cannot move forward. Staff must address this in its initial memorandum.

5. For newly-filed water or sewer applications for certificates of convenience and necessity where the funding is described at the time of the filing as Stimulus Funding the Commission shall designate the filings as “SCN.” The Commission, its Staff and Administrative Law Judges, will process those designated filings as expeditiously as possible.

The stimulus funds may be used to replace existing funding for projects that are ready to proceed, allowing the State of West Virginia to fund more projects than planned and provide an enhanced investment in water and sewer infrastructure to unserved and under-served areas of the State. To expedite the processing of projects that have already received a certificate and are eligible to receive stimulus funds, the Commission plans the following process and procedures:

6. In instances where municipalities or municipal water or sewer boards (“municipal utilities”) have already been granted certificates, and in the event the municipality is awarded a stimulus assistance funding package to replace either existing grant or loan funding from another source, the municipal utility shall only be required to file with the Commission a letter from the funding agency that describes the change in the project funding. The filing will be treated as a closed entry by the Executive Secretary and the Commission anticipates no further action by the Commission.

7. Similarly, for districts that are awarded a stimulus assistance funding package equivalent to the existing grant money from another source, that has no impact on rates, the district shall only be required to file with the Commission a letter from the funding agency that describes the change in the project funding. The filing will be treated as a closed entry by the Executive Secretary and the Commission anticipates no further action by the Commission.

8. In the event that a district is awarded a stimulus assistance funding package and the benefit to the customers of such improved financing is lower project costs, the district will only be required to file a petition to reopen the original formal case granting the certificate in order that the Commission may review the rates established for the project.

The Commission will provide for such petitions to reopen to be handled in an expedited manner. To that end, the district will be required to file with its petition to reopen a letter from the funding agency that describes the change in project funding, specifically setting forth the newly-committed funding and an accompanying calculation by the district

of the impact to its rates together with supporting documentation. Upon the filing of this information, Staff will perform a review of the revised project funding and rate calculations and file a final recommendation with the Commission stating its recommended rates as soon as possible, but no later than ten days after receipt of the petition. The Commission will issue an order as soon thereafter as possible.

9. For districts that are awarded a stimulus assistance funding package to supplement funding to deal with a cost overrun in whole or part, that has no impact on rates, the district may utilize the enhanced funding to first fund any project alternatives that were reviewed as either deducts or adducts that were approved as a part of the original certificate, contingent upon funding, in order that all portions of the project can be constructed. In this event, the district shall be required to file with the Commission a letter from the funding agency that describes both the change in the project funding and also notes the deducts or adducts that will be funded for construction. The filing will be treated as a closed entry by the Executive Secretary and the Commission anticipates no further action on its part.

The issuance of these guidelines should expedite these projects and the continuing effort to provide quality water and sewer service throughout the State of West Virginia. The Commission understands that there will be instances and situations where events will disrupt these intended procedures; however, the Commission expects all parties to use their best efforts to process these cases in a timely manner. Finally, given the aggressive time frame contemplated by the funding agencies and the intent to have bids out by August 2009, project applications should be filed no later than June 1, 2009, to avoid jeopardizing the timely consideration of those applications.

IT IS SO ORDERED.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission give public notice of this order in a manner deemed most efficient and appropriate.

At this time, there is no signature.


Sandra Spitzer
Executive Secretary

go18209c.wpd



State of West Virginia

Joe Manchin III

Governor

May 12, 2006

Office of the Governor
State Capitol
1900 Kanawha Blvd., East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wv.gov

The Honorable Tracey Miller
Mayor
Town of Wardensville
Post Office Box 7
Wardensville, West Virginia 26851-0007

Dear Mayor Miller:

On October 22, 2004, the Town of Wardensville received a commitment of \$1,142,000 in Small Cities Block Grant funds to enable you to make improvements to the town's existing wastewater system by flood-proofing the containment cells of its wastewater treatment lagoon.

The Small Cities Block Grant award was based upon your immediate need for funds. Therefore, only \$300,000 was made available from the FY2004 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the Town of Wardensville's ability to proceed with this worthwhile project, I am committing the remaining \$842,000 from the FY2005 Small Cities allocation. Your existing Small Cities Block Grant contract will be amended to include the additional funds.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of the Town of Wardensville.

With warmest regards,

A handwritten signature in black ink, appearing to read "Joe Manchin III".

Joe Manchin III
Governor

JM:ans