

**TOWN OF WAYNE  
WATER REVENUE BONDS, SERIES 2007 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)**

**DATE OF CLOSING: JUNE 14, 2007**

**BONDS TRANSCRIPT**

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**TOWN OF WAYNE**

**Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)**

**BOND TRANSCRIPT**

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**TOWN OF WAYNE**

**WATER REVENUE BONDS, SERIES 2007 A**  
**(WEST VIRGINIA INFRASTRUCTURE FUND)**

**BOND ORDINANCE**

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TOWN OF WAYNE

ORDINANCE AUTHORIZING COMPLETION OF THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$256,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B.      The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be completed the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks facilities of the Issuer, consisting of new water storage tanks, upgrading and expanding the Issuer's water treatment plant and replacing portions of the existing water distribution lines of the Issuer, together with all appurtenant facilities (collectively, the "Project") (the existing public

waterworks system of the Issuer, the Project and any further extensions, 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 Recorder of the Issuer.

C. The Issuer intends to permanently finance the completion 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 Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council"), pursuant to the Act.

D. The Project was originally expected to cost \$4,725,000 of which \$1,293,500 was obtained proceeds from the Issuer's Water Revenue Bonds, Series 2004 A (United States Department of Agriculture); \$1,925,000 was obtained from the proceeds of the Issuer's Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program); \$256,500 was received from a grant from the United States Department of Agriculture; and \$1,250,000 was received from a Small Cities Block Grant.

E. The total cost of the Project is revised to be \$4,981,000 of which \$1,293,500 was obtained proceeds from the Issuer's Water Revenue Bonds, Series 2004 A (United States Department of Agriculture); \$1,925,000 was obtained from the proceeds of the Issuer's Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program); \$256,500 was received from a grant from the United States Department of Agriculture; \$1,250,000 was received from Small Cities Block Grant and an additional amount up to \$256,000 will be obtained from the proceeds of the Series 2007 A Bonds. The majority of the Project has been completed as contemplated in the Bond Ordinance of the Issuer dated August 16, 2004 as supplemented by Supplemental Resolution dated October 18, 2004 authorizing the Series 2004 A Bonds and the Series 2004 B Bonds.

F. The cost of the completion of the acquisition and construction of the Project is estimated to be \$256,000, which will be obtained from the proceeds of sale of the Series 2007 A Bonds.

G. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) in the total aggregate principal amount of not more than \$256,000 as a single bond (the "Series 2007 A Bonds"), to permanently finance the completion 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; interest, if any, upon the Series 2007 A Bonds prior to and during acquisition and 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 Account (as hereinafter defined) for the Series 2007 A 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; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2007 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable

costs prior to the issuance of the Series 2007 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

I. It is in the best interests of the Issuer that its Series 2007 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the Council, in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

J. The Issuer will has the following outstanding obligations: (i) Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated October 21, 2004, issued in the original aggregate principal amount of \$1,293,000 (the "Series 2004 A Bonds"); and (ii) Water Revenue Bonds, Series 2004 B (West Virginia Water DWTRF Program), dated October 21, 2004, issued in the aggregate principal amount of \$1,925,000 (the "Series 2004 B Bonds") (collectively the "Prior Bonds").

The Series 2007 A Bonds shall be issued on a parity with the Prior Bonds. Prior to the issuance of the Series 2007 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 2007 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.

K. 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 the principal of and interest on the Issuer's Prior Bonds and the Series 2007 A Bonds and to make payments into all funds and accounts and other payments provided for herein and to pay all costs of operation and maintenance of the System.

L. The Issuer has complied with all requirements of West Virginia law, the Loan Agreement (hereinafter defined) relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2007 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the 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 by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2007 A Bonds or such final order will not be subject to appeal.

M. 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 2007 A 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 2007 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2007 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"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 2007 A 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 2007 A Bonds for all or a portion of the proceeds of the Series 2007 A Bonds from the Authority.

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

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

"Consulting Engineers" means Woolpert, LLP, 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 1.02E hereof to be a part of the costs of acquisition and construction of the Project.

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

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, 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 Town Council of the Issuer, as it may now or hereafter be constituted.

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

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

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

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

"Investment Property" means

- (A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),
- (B) any obligation,
- (C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered into, by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2007 A Bonds, the form of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2007 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2007 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2007 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

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

"Outstanding" when used with reference to the Series 2007 A Bonds or Prior Bonds and as of any particular date, describes all 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 Council.

"Prior Bonds" means, collectively, the Issuer's Series 2004 A Bonds and the Series 2004 B Bonds.

"Prior Ordinances" means the ordinances of the Issuer, as supplemented by the supplemental resolutions of the Issuer, authorizing the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account, all as determined by the Code.

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

"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 the Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 2007 A 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 Ordinances and continued hereby.

"Series 2004 A Bonds" means the Water Revenue Bonds, Series 2004 (United States Department of Agriculture), of the Issuer, dated October 21, 2004, issued in the original principal amount of \$1,293,000.

"Series 2004 B Bonds" means the Water Revenue Bonds, Series 2004 B (West Virginia Water DWTRF Program), of the Issuer, dated October 21, 2004, issued in the original principal amount of \$1,925,000.

"Series 2007 A Bonds" means the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 2007 A Bonds Construction Trust Fund" means the Series 2007 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2007 A Bonds Reserve Account" means the Series 2007 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2007 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 2007 A Bonds in the then current or any succeeding year.

"Series 2007 A Bonds Sinking Fund" means the Series 2007 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2007 A Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2007 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2007 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation or the Prior Ordinances 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 waterworks 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.

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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 COMPLETION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of the Completion of the Acquisition and Construction of the Project. There is hereby authorized and ordered the completion of the acquisition and construction of the Project at an estimated cost of not to exceed \$256,000, which will be paid from proceeds of the Series 2007 A Bonds, 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 2007 A Bonds hereby authorized shall be applied as provided in Article VI hereof.

The cost of the completion of the Project is estimated not to exceed \$256,000 which will be obtained from the proceeds of the Series 2007 A Bonds.

### ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest (if any) on the Series 2007 A Bonds, funding the reserve account for the Series 2007 A Bonds, paying the completion of Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2007 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2007 A Bonds of the Issuer. The Series 2007 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)", in the principal amount of not more than \$256,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 A Bonds remaining after funding of the Series 2007 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2007 A Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2007 A Bonds shall be issued in such principal amount; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2007 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2007 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2007 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2007 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2007 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed

thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2007 A Bonds shall cease to be such officer of the Issuer before the Series 2007 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2007 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of 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 2007 A 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 2007 A 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 2007 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2007 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive 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 2007 A 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 2007 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2007 A Bonds are exercised, all Series 2007 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2007 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2007 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection

therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of any Series 2007 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2007 A 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 2007 A 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 2007 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2007 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2007 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments 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 2007 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 A 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 2007 A 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 2007 A Bonds to the original purchasers;

- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinions of bond counsel on the Series 2007 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2007 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2007 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF WAYNE  
WATER REVENUE BONDS, SERIES 2007 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR- \_\_\_\_\_

\$256,000

KNOW ALL MEN BY THESE PRESENTS: That on this the \_\_\_\_ day of \_\_\_\_\_, 2007, the TOWN OF WAYNE, a municipal corporation and political subdivision of the State of West Virginia in Wayne 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, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year commencing \_\_\_\_\_ 1, \_\_\_\_\_ As set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and

between the Issuer and the Authority, on behalf of the Council, dated \_\_\_\_\_, 2007.

This Bond is issued (i) to pay the completion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 2007, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 21, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,293,500 (THE "SERIES 2004 A BONDS"); AND (2) WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA WATER DWTRF PROGRAM), DATED OCTOBER 21, 2004, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,925,000 (THE "SERIES 2004 B BONDS") (COLLECTIVELY THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with

other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that, so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of 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 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 Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

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

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: \_\_\_\_\_, 2007.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

By: \_\_\_\_\_  
Its: Authorized Officer



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: \_\_\_\_\_, 2007.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2007 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, and is hereby approved and incorporated in this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Council and the Authority a schedule for the Series 2007 A Bonds, the form of which will be provided by the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

## ARTICLE V

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

#### Section 5.01. Establishment of Funds and Accounts with Depository Bank.

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

- (1) Revenue Fund (established by the Prior Ordinances);
- (2) Renewal and Replacement Fund (established by the Prior Ordinances); and
- (3) Series 2007 A Bonds Construction Trust Fund.

#### Section 5.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

- (1) Series 2007 A Bonds Sinking Fund; and
- (2) Series 2007 A Bonds Reserve Account.

#### Section 5.03. System Revenues; Flow of Funds.

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

- (1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and (i) remit the interest payments on the respective Prior Bonds, as required by the Prior Ordinances; and (ii) simultaneously remit to the Commission, commencing 3 months prior to the first date of payment of interest on the Series 2007 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2007 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit the principal payments on the respective Prior Bonds, as required by the Prior Ordinances; and (ii) simultaneously remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 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 2007 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit for deposit in the respective reserve accounts for the Prior Bonds, the amounts required by the Prior Ordinances to be deposited therein; and (ii) upon the maturity of the Series 2004 B Bonds, the Series 2004 B Bonds reserve Account shall be automatically transferred by the Commission to the Series 2007 A Bonds Reserve Account and if not fully funded, the Issuer shall remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, if not fully funded upon issuance of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Reserve Account, an amount equal to 1/60th of the Series 2007 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 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 2007 A Bonds Reserve Requirement.

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

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

Monies in the Series 2007 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2007 A Bonds,

as the same shall become due. Monies in the Series 2007 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2007 A Bonds, as the same shall come due, when other monies in the Series 2007 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2007 A 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 2007 A Bonds.

Any withdrawals from the Series 2007 A Bonds Reserve Account, which result in a reduction in the balance of such accounts to below the Reserve Requirements thereof, shall be restored from the first Gross 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 2007 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds 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 2007 A Bonds Sinking Fund or the Series 2007 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2007 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue 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 and the Series 2007 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 A Bonds Sinking Fund and the Series 2007 A 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 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2007 A Bonds 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 2007 A 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.

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of 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 Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The 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 Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

## ARTICLE VI

### APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2007 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 A Bonds, there shall first be deposited with the Commission in the Series 2007 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2007 A Bonds for the period commencing on the date of issuance of the Series 2007 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2007 A Bonds, there shall be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2007 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 A 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 2007 A Bonds.

D. After completion of the construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2007 A Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements of Bond Proceeds. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2007 A Bonds from the Series 2007 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

- (1) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (2) 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;
- (3) Each of such costs has been otherwise properly incurred; and
- (4) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2007 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2007 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer, if applicable.

## 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 2007 A 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 2007 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2007 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2007 A Bonds shall not be nor constitute a corporate 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 2007 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2007 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with each other and with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments 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. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted July 26, 2004, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2007 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2007 A Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the Loan Agreement.

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

So long as the Series 2007 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2007 A Bonds Sinking Fund, 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 on the Series 2007 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Series 2007 A 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 is not in excess of \$50,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of \$50,000 but not in excess of \$200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Governing Body may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of \$50,000 and not in excess of \$200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of the Prior Ordinances and 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 source fiscal year for such sales, leases or other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, 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 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 2007 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2007 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2007 A 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 2007 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2007 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 A Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

No such additional Parity Bonds shall be issued except for the purposes of financing the costs of the 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, to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by Independent 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 not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding;

- (2) Any additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances 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 account 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 Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinances, 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 Ordinances.

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

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any 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 Council, or any other original purchaser of the Series 2007 A Bonds and shall mail in each year to any Holder or Holders of the Series 2007 A Bonds, requesting the same, an annual report containing the following:

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.
- (C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2007 A Bonds and shall submit the report to the Authority and the Council, or any other original purchaser of the Series 2007 A Bonds. Such

audit report submitted to the Authority and the Council shall include a statement that notes whether the results of test disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's debt service and reserve requirements and Operating Expenses.

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

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

Section 7.09.      Rates. Prior to the issuance of the Series 2007 A 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 make the prescribed payments into the funds and accounts created hereunder and pay Operating Expenses. 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, (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 on the Series 2007 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A 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 Series 2007 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2007 A 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 on the Series 2007 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

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 Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the Council 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 any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 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, 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 2007 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the prime contractor 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 and 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 and 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 OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

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

for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Council. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the 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. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling, or building intended to be served by the System to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the 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 Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2007 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

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

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2007 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net

Proceeds of the Series 2007 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2007 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2007 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2007 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2007 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2007 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2007 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. 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: Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2007 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2007 A Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written

approval of the Council before expending any proceeds of the Series 2007 A Bonds made available due to bid or construction or project underruns.

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

Section 7.22.      Statutory Mortgage Lien. For the further protection of the Holders of the Series 2007 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2007 A 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; USE OF PROCEEDS

Section 8.01.      Investments. Any monies held as a part of the funds and accounts created by this Resolution, 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 Resolution, 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 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 bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, 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 2007 A 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 2007 A Bonds from gross income for federal income tax purposes.

Section 8.02.      Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2007 A Bonds which would cause the Series 2007 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2007 A Bonds) so that the interest on the Series 2007 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03.      Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Series 2007 A Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Series 2007 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the

jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt bonds (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Series 2007 A Bonds are issued are not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(D) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

## 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 2007 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2007 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2007 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 A Bonds, and such default shall have continued for a period of 30 days after the Issuer, as appropriate, 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 Ordinances.

Section 9.02.      Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner or Bondholder 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 2007 A 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 the Bonds and interest and the deposits into the funds and accounts hereby established and the payment of Operating Expenses of the System, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of 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 AND DEFEASANCE OF BONDS

Section 10.01.      Payment of Series 2007 A Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2007 A Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross 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 2007 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2007 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2007 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2007 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2007 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2007 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2007 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2007 A Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Wayne News*, a qualified newspaper published and of general circulation in the Town of Wayne, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2007 A 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: May 14, 2007

Passed on Second Reading: May 21, 2007

Passed on Final Reading  
Following Public  
Hearing: June 11, 2007

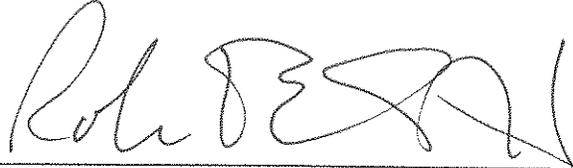
  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of the Town of Wayne on the 11th day of June, 2007.

Dated: June 14, 2007.

[SEAL]

A handwritten signature in black ink, appearing to read "Rob [unclear]", written over a horizontal line.

Recorder



TOWN OF WAYNE

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

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 WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF WAYNE; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

Whereas, the Town Council (The "Governing Body") of the Town of Wayne (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective June 11, 2007 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$256,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer (the "Series 2007 A Bonds"), in the aggregate principal amounts not to exceed \$256,000, and has authorized the execution and delivery of a loan agreement relating to the Series 2007 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2007 A Bonds should be established by a supplemental resolution pertaining to the Series 2007 A Bonds; and that other matters relating to the Series 2007 A Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2007 A Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Series 2007 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2007 A Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF WAYNE, AS FOLLOWS:

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 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single bond, numbered AR-1, in the principal amount of \$256,000. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2040, and shall bear interest at the rate of 1%. Interest accrues commencing December 1, 2035. The principal and interest of the Series 2007 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2036, and up to and including December 1, 2040, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2007 A Bonds and incorporated in and made a part of the Series 2007 A Bonds. The Series 2007 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon

payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 A Bonds.

Section 2. All other provisions relating to the Series 2007 A Bonds and the text of the Series 2007 A Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Council and the Authority. The price of the Series 2007 A Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2007 A Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2007 A 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 2007 A Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate the City National Bank, Wayne, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2007 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2007 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2007 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2007 A Bonds Reserve Account. The debt service reserve fund for the Series 2004 B Bonds shall be automatically transferred by the Municipal Bond Commission to the Series 2007 A Bonds Reserve Account upon the maturity of the Series 2004 B Bonds.

Section 9. 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 2007 A Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2007 A Bonds may be delivered on or about June 14, 2007, to the Authority pursuant to the Loan Agreement.

Section 10. The completion of the acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2007 A 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 11. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 12. 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 Series 2007 A Bond Sinking Fund and the Series 2007 A Bond Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Series 2007 A Bonds.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 11th day of June, 2007.

  
\_\_\_\_\_  
Mayor

Adopted this 11th day of June, 2007.

  
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Wayne on the 11th day of June, 2007.

Dated: June 14, 2007.

[SEAL]

  
\_\_\_\_\_  
Recorder

01.26.07  
946610.00002



IC-1  
(11/01/04)

LOAN AGREEMENT

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

TOWN OF WAYNE

(Governmental Agency)

WITNESSETH:

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

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

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

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

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

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

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

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

## ARTICLE I

### Definitions

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE II

### The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE III

### Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE V

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

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

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

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

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

## ARTICLE VI

### Other Agreements of the Governmental Agency

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

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

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

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

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

## ARTICLE VII

### Miscellaneous

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

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

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

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

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

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

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

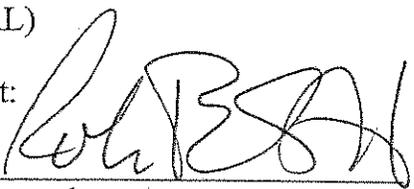
7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are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

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

TOWN OF WAYNE

(SEAL)

Attest:



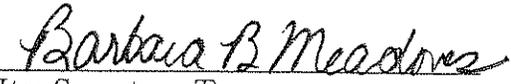
Its: Recorder

By:   
Its: Mayor  
Date: June 14, 2007

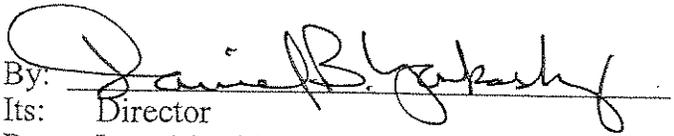
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

Attest:



Its: Secretary-Treasurer

By:   
Its: Director  
Date: June 14, 2007

{C1204413.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

\_\_\_\_\_  
(Issuer)

\_\_\_\_\_  
(Name of Bonds)

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

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

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

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

<sup>1</sup>If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of \_\_\_\_\_,

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

WITNESS my signature and seal on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[SEAL]

\_\_\_\_\_  
By: \_\_\_\_\_  
West Virginia License No. \_\_\_\_\_

---

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency \_\_\_\_\_  
 Name of Bond Issue(s) \_\_\_\_\_  
 Type of Project \_\_\_\_\_ Water \_\_\_\_\_ Wastewater \_\_\_\_\_  
 Fiscal Year \_\_\_\_\_ Report Month \_\_\_\_\_

<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. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

\_\_\_\_\_  
 Name of Person Completing Form

\_\_\_\_\_  
 Address

\_\_\_\_\_  
 Telephone

## INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ( $\$1,200/12$ ). This is the incremental amount for the Budget Year-to-Date column.
- Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ( $\$900/12$ ). This is the incremental amount for the Budget Year-to-Date column.
- Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$

Principal \$

Total: \$

Reserve Account: \$

Witness my signature this \_\_\_\_ day of \_\_\_\_\_.

[Name of Governmental Agency]

By: \_\_\_\_\_  
Authorized Officer

Enclosure: copy of check(s)

## SCHEDULE X

### DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$256,000  
Purchase Price of Local Bonds \$256,000

The Local Bonds shall bear interest at 1% with interest commencing on December 1, 2035. Commencing March 1, 2036, principal and interest on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

- (i) Town of Wayne Water Revenue Bonds, Series 2004A (United States Department of Agriculture), dated October 21, 2004, issued in the original principal amount of \$1,293,000; and
- (ii) Town of Wayne Water Revenue Bonds, Series 2004 B (West Virginia Water DWTRF Program, dated October 21, 2004, issued in the principal amount of \$1,925,000.

SCHEDULE Y

**\$256,000**

**Town of Wayne**

**5 Years, 1% Interest Rate**

**Closing Date: June 14, 2007**

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
03/01/2036	12,499.00	1.000%	640.00	13,139.00
06/01/2036	12,530.00	1.000%	608.75	13,138.75
09/01/2036	12,561.00	1.000%	577.43	13,138.43
12/01/2036	12,592.00	1.000%	546.03	13,138.03
03/01/2037	12,624.00	1.000%	514.55	13,138.55
06/01/2037	12,656.00	1.000%	482.99	13,138.99
09/01/2037	12,687.00	1.000%	451.35	13,138.35
12/01/2037	12,719.00	1.000%	419.63	13,138.63
03/01/2038	12,751.00	1.000%	387.83	13,138.83
06/01/2038	12,783.00	1.000%	355.95	13,138.95
09/01/2038	12,815.00	1.000%	324.00	13,139.00
12/01/2038	12,847.00	1.000%	291.96	13,138.96
03/01/2039	12,879.00	1.000%	259.84	13,138.84
06/01/2039	12,911.00	1.000%	227.64	13,138.64
09/01/2039	12,943.00	1.000%	195.37	13,138.37
12/01/2039	12,976.00	1.000%	163.01	13,139.01
03/01/2040	13,008.00	1.000%	130.57	13,138.57
06/01/2040	13,040.00	1.000%	98.05	13,138.05
09/01/2040	13,073.00	1.000%	65.45	13,138.45
12/01/2040	13,106.00	1.000%	32.77	13,138.77
<b>Total</b>	<b>\$256,000.00</b>	<b>-</b>	<b>\$6,773.17</b>	<b>\$262,773.17</b>

**Yield Statistics**

Accrued Interest from 06/14/2007 to 06/14/2007	(72,867.56)
Bond Year Dollars	\$7,964.07
Average Life	31.110 Years
Average Coupon	0.0850466%
Net Interest Cost (NIC)	0.0850466%
True Interest Cost (TIC)	1.1652818%
Bond Yield for Arbitrage Purposes	1.1652818%
All Inclusive Cost (AIC)	1.1652818%

**IRS Form 8038**

Net Interest Cost	1.0000006%
Weighted Average Maturity	31.110 Years

SCHEDULE Z

None.



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 17<sup>th</sup> day of April, 2007.

CASE NO. 03-0975-W-CN (REOPENED)

WAYNE MUNICIPAL WATER DEPARTMENT

Application for a Certificate of Convenience and Necessity to construct new water storage tanks, to replace deteriorated water lines, and to upgrade the water treatment plant.

**COMMISSION ORDER**

On June 6, 2003, Wayne Municipal Water Department Town) filed an application with the Commission for a Certificate of Convenience and Necessity to construct a new water storage tank, replace deteriorated water lines and upgrade the water treatment plant. The project was estimated to cost \$3,800,000, to be funded by a \$1,250,000 Small Cities Block Grant (SCBG), a \$256,500 Rural Utilities Service (RUS) Grant, a \$1,293,000 RUS loan for an interest rate not to exceed thirty-eight (38) years, and a \$1,000,000 Drinking Water Treatment Revolving Fund (DWTRF) loan with a 1% administrative fee for a term of thirty (30) years.

By Recommended decision issued on November 19, 2003 (Final Order, December 9, 2003), the Commission approved the Town's certificate application and project financing.

On August 30, 2004, the Town filed a petition to reopen the certificate case for approval of an increased project cost of \$4,725,000, to be funded by a \$925,000 DWTRF loan. On October 7, 2004, the Commission issued an order granting the Town's petition.

On March 5, 2007, the Town again petitioned to reopen its certificate case for approval of another increased project cost of \$4,981,000, due to increased construction, engineering, legal accounting and administrative expenses. The Town states in its petition that it will fund the increased project cost with a West Virginia Infrastructure and Jobs Development Council (WVIJDC) wrap loan of \$256,000, at 1% interest with a maturity date of five years from the maturity of the DWTRF loan approved in the Commission's October 7, 2004 Final Order. In addition, the Town states that as a result of obtaining the WVIJDC loan, the Town will not need to increase its tariff rates. The Town also submitted a CPA Certificate stating that current rates and charges are sufficient to pay for operation and maintenance expenses of the system and to satisfy debt service obligations.

IT IS FURTHER ORDERED that if there are changes in the plans, scope, or financing for the project that affect customer rates, the Town shall request that the case be reopened and seek approval from the Commission for the changes.

IT IS FURTHER ORDERED that if there are changes in project costs that do not affect rates, the Town does not need to seek reopening and approval; however, the Town must file an affidavit signed by a Certified Public Accountant certifying that rates are not affected.

IT IS FURTHER ORDERED that upon entry of this Order this case shall be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this Order upon all parties of record by United States First Class Mail and by facsimile transmission and upon Commission Staff by hand delivery.

A True Copy, Teste:

  
Sandra Squire  
Executive Secretary

MEB/las  
030975cb.wpd

**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 7<sup>th</sup> day of October, 2004.

CASE NO. 03-0975-W-CN (REOPENED)

WAYNE MUNICIPAL WATER DEPARTMENT  
Application for a Certificate of Convenience and Necessity to construct new water storage tanks, to replace deteriorated water lines, and to upgrade the water treatment plant.

**COMMISSION ORDER**

A Recommended Decision<sup>1</sup> was entered on November 19, 2003 (Final December 9, 2003), granting the Wayne Municipal Water Department (Town) a certificate of convenience and necessity for a water system improvement project which will provide improved service to approximately 2,088 customers, residing both within the Town of Wayne and the surrounding areas of Wayne County. Among other things, the proposed financing was also approved pursuant to the Recommended Decision as follows: a \$1,250,000 Small Cities Block Grant (SCBG); a \$256,500 Rural Utilities Service (RUS) Grant; a \$1,293,500 RUS Loan at an interest rate of not to exceed 4.5% for a term not to exceed thirty-eight (38) years; and a \$1,000,000 Drinking Water Treatment Revolving Fund (DWTRF) Loan with a 1% administrative fee for a term of thirty (30) years.

On August 30, 2004, bond counsel filed correspondence, on behalf of the Town, requesting approval of a revised budget for the water system improvement project. The Town indicated that while the Order approved a project cost of \$3,800,000, the budget increased to \$4,725,000 due to a bid overrun. The Town attached a revised project budget

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<sup>1</sup>A detailed account of the procedural history of this case is set forth in the Recommended Decision and will not be repeated herein.

and explained the increased costs would be covered by a \$925,000 increase in the DWTRF loan. The Town further stated that on July 26, 2003, it enacted a Sewer Rate Ordinance increasing its rates and charges to support the increased borrowing.

On September 2, 2004, correspondence was filed by the Town's counsel regarding the Town's new rate ordinance. Attached to the correspondence were various documents and affidavits related to the new ordinance.

Correspondence was filed by bond counsel on September 22, 2004, advising the Commission that the Town was seeking extensions of the bids for this project from the successful bidders until October 21, 2004. Thus, the Town asked that the Commission enter an Order by October 11, 2004.

Commission Staff (Staff) filed an Initial and Final Joint Staff Memorandum on October 5, 2004. Staff determined that the need for the project continues, the project scope has not changed since the approval of the original application and the approved estimated operating and maintenance costs have not increased. Moreover, although the final as-bid project costs are above the consulting engineer's original estimates, Staff does not believe they are excessive.

With respect to the Town enacting its second water rate ordinance to cover the additional \$925,000 loan, Staff reasoned that the Town substantially complied with the applicable statute and Commission rules and that the thirty-(30) day protest period ended on October 1, 2004. As no protests have been filed, Staff opined the Town's rates would become effective on or after October 16, 2004. Further, Staff determined that the Town's adopted rates and charges will generate sufficient revenues to pay the additional DWTRF debt and reserve requirements and provide a cash flow surplus of approximately \$24,625 and debt coverage of approximately 140%.

Consequently, Staff recommended approval of the Town's petition to borrow \$925,000 additional DWTRF funds at 0% interest for thirty (30) years with a 1% administrative fee. The total cost of the project will be \$4,725,000.

### DISCUSSION

Upon review of all of the foregoing, the Commission agrees with the Staff recommendation filed on October 5, 2004. The Town's petition for approval of additional funding should be granted, which includes \$925,000 in additional DWTRF funds at 0% interest for thirty (30) years with a 1% administrative fee.

## FINDINGS OF FACT

1. A Recommended Decision was entered on November 19, 2003 (Final December 9, 2003), granting the Town of Wayne a certificate of convenience and necessity for a water system improvement project which will provide improved service to approximately 2,088 customers, residing both within the Town of Wayne and the surrounding areas of Wayne County. Among other things, the proposed financing was also approved pursuant to the Recommended Decision as follows: a \$1,250,000 SCBG; a \$256,500 RUS Grant; a \$1,293,500 RUS Loan at an interest rate of not to exceed 4.5% for a term not to exceed thirty-eight (38) years; and a \$1,000,000 DWTRF Loan with a 1% administrative fee for a term of thirty (30) years.

2. On August 30, 2004, the Town requested approval of \$925,000 additional funding, reflected as an increase in the DWTRF loan, due to a bid overrun. The Town stated that on July 26, 2003, it enacted a Sewer Rate Ordinance increasing its rates and charges to support the increased borrowing.

3. On October 5, 2004, Staff determined that the Town's adopted rates and charges will generate sufficient revenues to pay the additional DWTRF debt and reserve requirements, and provide a cash flow surplus of approximately \$24,625 and debt coverage of approximately 140%. Further, Staff recommended approval of the Town's petition to borrow \$925,000 additional DWTRF funds at 0% interest for thirty (30) years with a 1% administrative fee.

## CONCLUSION OF LAW

The Town's petition for approval of additional funding should be granted, which includes \$925,000 in additional DWTRF funds at 0% interest for thirty (30) years with a 1% administrative fee.

## ORDER

IT IS, THEREFORE, ORDERED that the Wayne Municipal Water Department's petition to reopen this case is granted.

IT IS FURTHER ORDERED that the Wayne Municipal Water Department's petition for approval of additional funding, consisting of \$925,000 in additional DWTRF funds at 0% interest for thirty (30) years with a 1% administrative fee, is hereby granted.

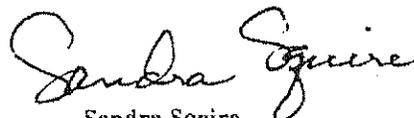
IT IS FURTHER ORDERED that in the event of any change to the funding, terms of financing, plans, or scope of the approved project, the Wayne Municipal Water Department shall petition the Commission to reopen this proceeding for approval of the same.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by facsimile and United States First Class Mail and upon Commission Staff by hand delivery.

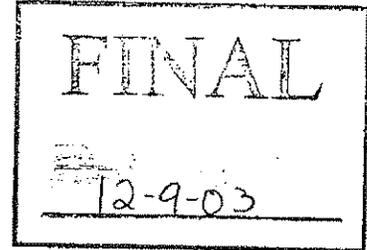
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A True Copy, Teste:

  
Sandra Squire  
Executive Secretary

PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: November 19, 2003



CASE NO. 03-0975-W-CN

WAYNE MUNICIPAL WATER DEPARTMENT  
P.O. Box 186,  
Wayne, Wayne County,

Application for a Certificate of Convenience  
and Necessity to construct new water  
storage tanks, to replace deteriorated  
water lines, and to upgrade the water  
treatment plant.

RECOMMENDED DECISION

On June 6, 2003, Wayne Municipal Water Department (Wayne, Town or Applicant), a municipal utility, filed an application, duly verified, for a certificate to construct new water storage tanks, to replace deteriorated water lines and to upgrade the water treatment plant. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, Charleston, West Virginia.

On June 19, 2003, Wayne refiled the application on the correct form.

Wayne estimates that construction will cost approximately \$3,800,000. It is proposed that the construction will be financed as follows: a Small Cities Block Grant in the amount of \$1,250,000; a Rural Utilities Service (RUS) Grant in the amount of \$256,500; a Rural Utilities Service loan in the amount of \$1,293,500, at an interest rate not to exceed 4.5%, for a term not to exceed thirty-eight (38) years; and a Drinking Water Treatment Revolving Loan in the amount of \$1,000,000, with a 1% administrative fee, for a term of 28.5 years.

By Notice of Filing Order entered on June 26, 2003, Wayne was directed to give notice of its application by publishing a copy of the Notice of Filing, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Wayne County. If no public protests are timely filed in response to the published notice, the Commission is authorized to render a decision without a hearing, by virtue of West Virginia Code §24-2-11.

On July 8, 2003, the Applicant filed three fully executed Agreements between Norfolk Southern Railroad Company and the Town of Wayne, regarding the use of rights-of-way for this project.

*MW*

On July 10, 2003, Wayne filed affidavits of publication showing that publications were made on April 25, 2003, and May 20, 2003, in The Wayne County News. These affidavits concerned the pre-ordinance publication and post-ordinance publication for the rate ordinance associated with this project. Also, Wayne filed an affidavit from Kim Brooks of the Town of Wayne, indicating that a press release was forwarded to The Wayne County News and that the proper notice was posted.

On July 28, 2003, Ronald E. Robertson, Jr., Staff Attorney, filed an Initial Joint Staff Memorandum, attached to which was an Initial Joint Staff Memorandum from Joe Gollie, Utilities Analyst III, Utilities Division, and Jonathan Fowler, P.E., Staff Engineer, Engineering Division. According to Staff, the Town's representatives are currently assembling additional information. Staff will review the additional information when submitted and, at that time, make a recommendation.

On August 6, 2003, the Public Service Commission issued a Referral Order in this matter, referring this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before January 21, 2004.

On August 14, 2003, the Applicant filed funding commitment letters and/or evidence of funding from three sources involved in Wayne's water system improvement project.

On August 27, 2003, the Applicant filed an affidavit of publication showing that publication of the Notice of Filing was made on July 17, 2003, in The Wayne County News. Anyone objecting to the application was given thirty (30) days to file a protest with the Commission. The protest period expired on August 18, 2003. As of the date of this Order, no protests have been filed.

The Final Joint Staff Recommendation was due on September 23, 2003.

By Order entered on October 17, 2003, Commission Staff was directed to file its recommendation on or before October 27, 2003.

On October 31, 2003, a State of West Virginia Office of Environmental Services permit was filed herein, which granted approval to amend and modify Permit No. 14,549 issued July 11, 2000, and Permit No. 15,157 issued February 21, 2002, for the new water treatment plant for the Town of Wayne. The permit was extended to October 27, 2005.

On November 13, 2003, Staff Attorney Robertson filed a Final Joint Staff Memorandum, attached to which were Final Internal Memoranda from Mr. Fowler and Mr. Gollie. According to Mr. Fowler, the Town of Wayne's water system improvement project will provide improved service to approximately 2,088 customers, residing both within the Town and in the surrounding areas of Wayne County. The project will consist of the renovation of the Town's existing water treatment plant, including an expansion of this facility to a new capacity of 900 gallons per minute. The existing plant is rated at 450 GPM. The Town also proposes to replace substantial portions of the existing potable water distribution system and to construct two (2) new water storage tanks. The Town of

Wayne proposes to finance the project by the following means: Small Cities Block Grant - \$1,250,000; West Virginia Drinking Water Treatment Revolving Loan - \$1,000,000; Rural Utilities Service Grant - \$256,500; Rural Utilities Service Loan - \$1,293,500, totaling \$3,800,000. Staff noted that all of the funding has been committed.

The proposed project, as submitted by the Town, constitutes a comprehensive water system improvements project, including the complete renovation of the existing water treatment facility and the construction of significant additions to this treatment facility. In addition, appreciable portions of the Town's water distribution system will be replaced and two (2) new water storage tanks will be constructed. The proposed treatment facility system upgrade and expansion will enhance an aged and dilapidated treatment facility which was constructed in the early 1970s. The proposed treatment facility will provide the Town and surrounding region with a reliable and safe source of potable water well into the future and, when coupled with the proposed distribution system enhancements, will provide a system capable of delivering water efficiently.

The current estimated construction cost for the proposed project is \$2,809,500 and the estimated total project cost is \$3,800,000, as detailed in the following: Construction Costs - \$2,809,500; Contingency - \$261,000; Land & Rights - \$22,000; Legal & Bond Counsel - \$81,000; Administration - \$47,500; Engineering & Inspection Fees - \$439,000; Interim Financing - \$140,000.

The scope of the proposed project includes improvements to and expansion of the existing water treatment facility to develop a capacity of 900 gallons per minute. This new facility has been designed to operate in parallel with the existing facility, which will be renovated and will remain in-service. Each unit (i.e., "old" and "new") will produce half of the design flow rate of 900 GPM. Assorted improvements to the plant are also included. Improvements to the Town's existing distribution system include the construction of over 20,000 feet of various sizes of line; miscellaneous connections to the existing water system, reconnecting seven existing fire hydrants, existing meters and existing services, as required; and the installation of 76 new valves of various sizes, eleven new fire hydrants and thirteen new blow-offs, fifteen line terminations and caps and various other water system appurtenances. Additionally, two new water storage tanks having capacities of 400,000 gallons and 350,000 gallons, respectively, thereby providing 750,000 gallons of additional treated water storage for the Town, are to be constructed.

Engineering Staff has reviewed the cost estimates associated with construction of this project and is of the opinion that these estimates are within reason, although not as conservative as one may like to find. Staff noted that this project has not yet been bid and, thus, the construction cost may vary, either up or down, depending on the actual amount of the construction bids. Engineering Staff further noted that, since this project consists entirely of internal improvements to an existing system and no new customers are being added as a result of this project, the calculation and evaluation of costs on a "per-customer" basis would serve no useful purpose. Engineering Staff's review of the

project plans and specifications revealed no conflicts with Commission Rules.

The Applicant's consulting engineer has furnished Staff with copies of the various permits and approvals which are required before this project can proceed to construction. Based upon Staff's review of these items and Staff's experience with similar projects, Engineering Staff is of the opinion that this project is sufficiently mature with respect to these permits and approvals to justify the issuance of a certificate.

Based upon projections provided by the Applicant's consulting engineer and accountant, the total annual O&M requirements for this utility will increase to \$519,068 per year after completion of this project. This represents an annual increase of \$20,640 over the going-level O&M expense for the year ended 06/30/02, according to the Tariff Rule 42 Exhibit submitted as part of this filing. This increase is due entirely to the construction of the proposed improvements and includes an estimated increase in electricity costs of \$10,640 per year and an increase of \$10,000 per year in "administrative fees", as a result of fees imposed by one of the lenders (i.e., the State Drinking Water Revolving Loan Program).

Engineering Staff has reviewed the calculations provided in support of the O&M increase and finds them to be conservative, but not unrealistic. Staff further noted that the Tariff Rule 42 Exhibit submitted by the Town's accountant in support of this application is in agreement with the O&M projections prepared by the Applicant's engineer.

Based upon its review of this utility's operating records and projected expenses, Engineering Staff is of the opinion that the Applicant's projections are reasonable and sufficient. Therefore, Engineering Staff recommended that the Applicant's projected level of O&M expenses (\$519,068 per year), as submitted in the Rule 42 Exhibit filed in this case, be accepted.

According to Staff, the existing plant currently treats approximately 491,000 gallons per day, while operating approximately eighteen (18) hours per day. Anytime a small water treatment plant is operating more than about 12 hours per day, the owner should begin planning a capacity upgrade. The plant uses chlorine gas as a disinfectant; DelPaç as a coagulant; soda ash to adjust alkalinity and improve coagulation; potassium permanganate to oxidize iron and manganese; powdered activated carbon to control taste and odor problems; caustic soda for pH and alkalinity control; and fluoride for the prevention of tooth decay.

Engineering Staff noted that the plant, which was constructed in the early 1970s, based upon design concepts from the 1960s, uses a conventional treatment process, including a rapid mix chamber, baffled floc tank, a single sedimentation basin equipped with tube settlers and two (2) each of conventional anthracite and sand filters. Finished water storage capacity in the system is 450,000 gallons provided in four (4) steel storage tanks and the underground clearwell. Staff noted that this total storage volume is less than a day's supply under normal demand,

whereas customary design practice is to provide at least two days' storage volume at normal demand.

The Town's distribution system consists of approximately 26 miles of various sizes and ages of piping, including significant quantities of old galvanized steel lines and asbestos-cement mains. The age of much of the in-town distribution system exceeds fifty years, with some sections being much older. Due to the advanced age and dilapidated condition of this old piping, the unaccounted water loss in this system have been quite high, despite the best efforts of the water department. The annual average unaccounted- for water losses for the previous three years has ranged from a high of 34.3% in the 1999-2000 fiscal year to a low of 22% in the 2001-2002 fiscal year. Staff noted that the Commission has established an acceptable maximum of 15% for unaccounted-for water losses.

The proposed project provides for the replacement of much of the older piping in the Town and will reduce unaccounted-for water losses and, thus, reduce operating expenses. By way of example, using data from the latest fiscal year, if the Town had been able to reduce the unaccounted-for water losses from 22% to 15%, it would have experienced an operating cost savings of approximately \$34,800, based upon its average production cost of \$2.77 per thousand gallons for that time period.

Based upon the above, and upon information provided in the engineering report supplied by the Town's consulting engineer and the "Sanitary Survey" supplied by the Bureau for Public Health, Engineering Staff is of the opinion that this project is necessary and represents an appropriate solution to the problems being experienced by this water system. Staff noted that this project will mitigate some long-standing problems within the Town's water distribution system. Specifically, this project will serve the utility's customers by reducing chronic leakage problems in much of the Town's existing distribution system, will enhance system reliability via the installation of new lines and will increase the system's capacity to service potential growth areas. The project is also seen as being consistent with the Wayne County Commission's long range plans for providing public water to the unserved areas of Wayne County, as envisioned by the County Commission's "Master Plan 2010" concept.

Since this project involves only internal improvements to an existing distribution system, no alternatives were considered. The consequences of not completing this project would include the inability of the existing treatment facility to consistently provide acceptable quality and quantities of potable water, steadily worsening leakage ("lost water") problems, shortages of water and, ultimately, a loss of service within certain portions of the distribution system. This project will reduce or alleviate each of these potential failures and will provide the area with a reliable source of potable water to support and sustain growth throughout the region for many years into the future. Engineering Staff, therefore, supported the proposed project.

Engineering Staff recommended that the Town of Wayne be granted a certificate of convenience and necessity to construct the project

described herein, contingent upon the Town receiving the necessary permits prior to construction; the Town be required to file with the Commission copies of all outstanding regulatory permits and approvals required by the construction anticipated in this filing, within ten (10) days of the Applicant's receipt of same; the Town provide a copy of the engineer's certified tabulation of bids, within ten (10) days of the bid opening date, for each construction contract to be awarded under this project; and, if there is any change in the plans, scope, terms of financing or any other substantive aspect of this project, the Town immediately request a re-opening of this certificate case for adjustments and approval.

According to Mr. Gollie, the West Virginia Drinking Water Treatment Revolving Loan is a non-interest loan with a 1% administrative fee for a term of thirty (30) years. The annual administrative fee on the loan will be \$5,041. The Rural Utilities Service loan will be for a term of forty (40) years at a 4.5% interest rate, which will require monthly payments of \$5,938, for an annual debt service of \$71,256. The Town is in receipt of the required commitments for all funding sources.

In reviewing the Town's recently filed tariff, which was effective for service rendered on or after June 26, 2003, Staff discovered that a \$3.00 surcharge was erroneously omitted from the tariff now on file with the Commission. Staff also discovered that the leak adjustment language was not in accordance with the standard tariff language. The Staff engineer has calculated a leak adjustment rate of \$0.55 per 1,000 gallons to be applied when necessary. Mr. Gollie prepared a Staff-recommended tariff which includes the \$3.00 surcharge billed each month on every customer's bill. Staff's recommended tariff also includes the standard tariff language used for the leak adjustment and reflects the \$0.55 per 1,000 gallon leak adjustment rate. Staff has also attached a bill analysis for per books, going-level and proposed rates, which are the rates currently in effect. Staff has determined that the Town's current rates are sufficient to provide the revenue required to complete the construction project. Finally, Staff prepared a cash flow statement which reflects that the Town's current rates are sufficient to provide a 134.47% debt service coverage. This percentage of coverage satisfies the coverage required by all lenders.

Since the rates enacted by the Town are more than sufficient to support the project, Financial Staff recommended that the certificate of convenience and necessity be approved.

#### DISCUSSION

The Administrative Law Judge will grant the certificate application as recommended by Staff. The undersigned notes that the required revised permit from the Bureau of Public Health referenced in the Staff Engineer's Memorandum has been filed. With respect to the two (2) tariff discrepancies, one can be easily remedied. The Town of Wayne will be directed to file a revised tariff which includes the \$3.00 surcharge. It was part of the ordinance enacted by the Town and was inadvertently omitted from the tariff filed with the Public Service Commission. The leak adjustment policy set forth in the Town's ordinance is inconsistent with the leak adjustment language and policy contained in the

Commission's Tariff Rules and Water Rules. The Town of Wayne is advised to correct its leak adjustment policy by ordinance now. The Commission will insist that the Town's policy comply with the Commission's requirements. In any complaint proceeding, the Commission will use its policy, not the language included in the Town's ordinance.

#### FINDINGS OF FACT

1. On June 6, 2003, Wayne Municipal Water Department filed an application, duly verified, for a certificate to construct new water storage tanks, to replace deteriorated water lines and to upgrade the water treatment plant. (See, application).

2. Wayne estimated that construction will cost approximately \$3,800,000. It proposed that the project be financed as follows: a Small Cities Block Grant in the amount of \$1,250,000; a Rural Utilities Service Grant in the amount of \$256,500; a Rural Utilities Service Loan in the amount of \$1,293,500, at an interest rate not to exceed 4.5%, for a term not to exceed thirty-eight (38) years; and a Drinking Water Treatment Revolving Loan in the amount of \$1,000,000, with a 1% administrative fee for a term of 30 years. (See, application; Utilities Division Final Recommendation filed November 3, 2003).

3. By Order entered on June 26, 2003, Wayne was directed to give notice of its application. (See, Order entered on June 26, 2003).

4. Wayne published the notice of filing on July 17, 2003. The thirty-day protest period expired on August 18, 2003, with no protests having been filed. (See, affidavit of publication filed August 27, 2003).

5. Wayne filed a revised permit from the State of West Virginia Office of Environmental Health Services for this project. This permit is accepted as evidence that the project conforms to the agency's regulations and standards. (See, permit filed October 31, 2003).

6. The proposed project provides for the replacement of much of the older piping in the Town and will reduce unaccounted-for water losses and, thus, reduce operating expenses. Engineering Staff is of the opinion that this project is necessary and represents an appropriate solution to the problems being experienced by this water system. Staff noted that this project will mitigate some long-standing problems within the Town's water distribution system. Specifically, this project will serve the utility's customers by reducing chronic leakage problems in much of the Town's existing distribution system, will enhance system reliability via the installation of new lines and will increase the system's capacity to serve potential growth areas. This project is also consistent with the Wayne County Commission's long range plans for providing public water to the unserved areas of Wayne County. (See, Final Joint Staff Memorandum filed November 3, 2003, with attachments).

7. Staff is of the opinion that the project is in the public interest, adequately designed and funded and should be approved, as recommended by Commission Staff, along with the proposed financing. (See, Final Joint Staff Memorandum filed November 3, 2003).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.
2. The proposed project will provide adequate service.
3. The proposed project is adequately financed and economically feasible.
4. Good cause has been shown to waive formal hearing on this matter, pursuant to West Virginia Code §24-2-11, since no protests have been received to the project.
5. The issuance of a certificate of convenience and necessity shall be valid for the project, as approved herein.
6. Any changes in the scope of this project and/or funding after the granting of the certificate shall require further approval from the Public Service Commission.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to the Wayne Municipal Water Department, for a water system improvement project which will provide improved service to approximately 2,088 customers, residing both within the Town and the surrounding areas of Wayne County, all as set forth in the application filed herein on June 6, 2003.

IT IS FURTHER ORDERED that the proposed financing for this project, consisting of a Small Cities Block Grant in the amount of \$1,250,000; a Rural Utilities Service Grant in the amount of \$256,500; a Rural Utilities Service Loan in the amount of \$1,293,500, at an interest rate not to exceed 4.5%, for a term not to exceed thirty-eight (38) years; and a Drinking Water Treatment Revolving Loan in the amount of \$1,000,000, with a 1% administrative fee for a term of thirty (30) years, is hereby approved.

IT IS FURTHER ORDERED that Wayne Municipal Water Department file a notice of the actual in-service date of the project within ten (10) days from the date that the project becomes operational.

IT IS FURTHER ORDERED that, if there are any changes to the cost, scope, financing or design of the project as certificated herein, the Wayne Municipal Water Department shall petition the Commission for approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that the Town of Wayne file a corrected tariff, within thirty (30) days of the date that this Order becomes final, including the \$3.00 per customer per month surcharge which was inadvertently omitted from its tariff on file with the Commission. Additionally, the Town should immediately commence the ordinance process to bring its leak adjustment language and policy into compliance with Commission policy.

IT IS FURTHER ORDERED that formal hearing in this matter be weighed pursuant to West Virginia Code §24-2-11, for the reason that no protests were received after publication and therein remains no outstanding issues to be litigated.

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.

  
Miles C. Cary  
Administrative Law Judge

MCC:pst  
030975aa.wpd



# West Virginia Infrastructure & Jobs Development Council

**Public Members:**

Mark Prince  
Hurricane  
Dwight Calhoun  
Petersburg  
Tim Stranko  
Morgantown  
Dave McComas  
Prichard

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

Jefferson E. Brady, PE  
Executive Director

Jefferson.Brady@verizon.net

November 20, 2006

The Honorable James Ramey, Jr.  
Mayor, Town of Wayne  
P.O. Box 186  
Wayne, West Virginia 25570

Re: Binding Commitment Letter  
Town of Wayne Water Project  
Project 96W-192

Dear Mayor Ramey:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund wrap loan of approximately \$256,000 (the "Loan") to the Town of Wayne (the "Town") for above referenced water project. (Project). The Infrastructure Council has determined the Project to be technically feasible within the guidelines of the Infrastructure and Jobs Development Act. 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 Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the Town's compliance with the program requirements. The Loan agreement will be between the Town and the West Virginia Water Development Authority (Authority), acting on behalf of the Infrastructure Council.

The Authority will enter into 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; evidence of compliance with the West Virginia Jobs Act; and any other documents requested by the Infrastructure Council.

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

James Ramey, Jr.  
November 20, 2006  
Page 2

If the Town has any questions regarding this commitment, please contact Jeff Brady at the above-referenced telephone number:

Sincerely,



Mark Prince

MP/km

Attachments

cc: Debbie Legg, WVDO  
Pat Taylor, BPH  
Virginia McDonald, RUS  
Region II Planning & Development Council  
Woolpert, Inc.

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

Town of Wayne

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Town of Wayne  
Water Project 96W-192  
November 20, 2006

SCHEDULE A

- A. Approximate Amount: \$ 256,000 Wrap Loan
- B. Wrap Loan: \$ 256,000
1. Maturity Date: 5 years from the maturity of the DWTRF loan.
  2. Interest Rate: 1%
  3. Loan Advancement Date(s) Monthly, upon receipt of proper requisition
  4. Debt Service Commencement: January 1, 2036
  5. Reserve & Coverage
    - A. Reserve requirements One year's annual debt service  
OR  
Funding one year's annual debt service over the first ten years.
    - B. Coverage 115% unless reserve fund is fully funded then coverage is 110%.
  6. Special Conditions None

**NOTICE:** The terms set forth above are subject to change following the receipt of construction bids.

- C. Other Funding Sources:
- |            |                  |
|------------|------------------|
| SCBG       | \$1,250,000      |
| DWTRF loan | 1,925,000        |
| RUS        | <u>1,550,000</u> |
- D. Total Project Cost: \$4,981,000



TOWN OF WAYNE

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 14th day of June, 2007, 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 Wayne (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 14th day of June, 2007, the Authority received the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of \$256,000, numbered AR-1 (the "Series 2007 A Bonds"), issued as a single, fully registered Bond.

2. At the time of such receipt the Series 2007 A 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 2007 A Bonds, of \$30,367, being a portion of the principal amount of the Series 2007 A Bonds. The balance of the principal amount of the Series 2007 A Bonds will be advanced by the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Left Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

By:   
Its: Authorized Representative

TOWN OF WAYNE

By:   
Its: Mayor

01.26.07  
946610.00002



TOWN OF WAYNE

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

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 14th day of June, 2007.

(1) Bond No. AR-1, constituting the entire original issue of the Town of Wayne Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the principal amount of \$256,000 (the "Series 2007 A Bonds"), executed by the Mayor and the Recorder the Town of Wayne (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 June 11, 2007, and a Supplemental Resolution duly adopted by the Issuer on June 11, 2007 (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 a loan agreement for the Series 2007 A Bonds, dated June 14, 2007, by and between the Issuer, the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2007 A Bonds.

You are hereby requested and authorized to deliver the Series 2007 A Bonds to the Authority upon payment to the Issuer of the sum of \$30,367, representing a portion of the principal amount of the Series 2007 A Bonds. Prior to such delivery of the Series 2007 A Bonds, you will please cause the Series 2007 A 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.

Dated as of the day and year first written above.

TOWN OF WAYNE

By:   
Its: Mayor

01.26.07  
946610.00002



# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF WAYNE  
WATER REVENUE BONDS, SERIES 2007 A  
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$256,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 14th day of June, 2007, the TOWN OF WAYNE, a municipal corporation and political subdivision of the State of West Virginia in Wayne 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 FIFTY SIX THOUSAND DOLLARS (\$256,000), 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 March 1, 2036, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year commencing March 1, 2036 as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated June 14, 2007.

This Bond is issued (i) to pay the completion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public

# SPECIMEN

waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on June 11, 2007, and a Supplemental Resolution duly adopted by the Issuer on June 11, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 21, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,293,500 (THE "SERIES 2004 A BONDS"); AND (2) WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA WATER DWTRF PROGRAM), DATED OCTOBER 21, 2004, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,925,000 (THE "SERIES 2004 B BONDS") (COLLECTIVELY THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that, so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the

# SPECIMEN

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 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 Gross Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

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

[SEAL]

\_\_\_\_\_  
Mayor **SPECIMEN**

ATTEST:

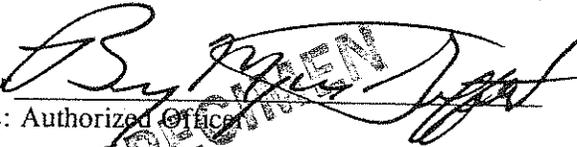
\_\_\_\_\_  
Recorder **SPECIMEN**

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: June 14, 2007.

THE HUNTINGTON NATIONAL BANK,  
as Registrar

By   
Its: Authorized Officer

**SPECIMEN**

# SPECIMEN

## EXHIBIT A

### RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$30,367	June 14, 2007	(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 \$ \_\_\_\_\_

# SPECIMEN

## EXHIBIT B

### DEBT SERVICE SCHEDULE

\$256,000

Town of Wayne (West Virginia)  
5 Years, 1% Interest Rate  
Closing Date: June 14, 2007

**SPECIMEN**

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
03/01/2036	12,499.00	1.000%	640.00	13,139.00
06/01/2036	12,530.00	1.000%	608.75	13,138.75
09/01/2036	12,561.00	1.000%	577.43	13,138.43
12/01/2036	12,592.00	1.000%	546.03	13,138.03
03/01/2037	12,624.00	1.000%	514.55	13,138.55
06/01/2037	12,656.00	1.000%	482.99	13,138.99
09/01/2037	12,687.00	1.000%	451.35	13,138.35
12/01/2037	12,719.00	1.000%	419.63	13,138.63
03/01/2038	12,751.00	1.000%	387.83	13,138.83
06/01/2038	12,783.00	1.000%	355.95	13,138.95
09/01/2038	12,815.00	1.000%	324.00	13,139.00
12/01/2038	12,847.00	1.000%	291.96	13,138.96
03/01/2039	12,879.00	1.000%	259.84	13,138.84
06/01/2039	12,911.00	1.000%	227.64	13,138.64
09/01/2039	12,943.00	1.000%	195.37	13,138.37
12/01/2039	12,976.00	1.000%	163.01	13,139.01
03/01/2040	13,008.00	1.000%	130.57	13,138.57
06/01/2040	13,040.00	1.000%	98.05	13,138.05
09/01/2040	13,073.00	1.000%	65.45	13,138.45
12/01/2040	13,106.00	1.000%	32.77	13,138.77
<b>Total</b>	<b>\$256,000.00</b>	<b>-</b>	<b>\$6,773.17</b>	<b>\$262,773.17</b>

### Yield Statistics

Accrued Interest from 06/14/2007 to 06/14/2007	(72,867.56)
Bond Year Dollars	\$7,964.07
Average Life	31.110 Years
Average Coupon	0.0850466%
Net Interest Cost (NIC)	0.0850466%
True Interest Cost (TIC)	1.1652818%
Bond Yield for Arbitrage Purposes	1.1652818%
All Inclusive Cost (AIC)	1.1652818%

### IRS Form 8038

Net Interest Cost	1.0000006%
Weighted Average Maturity	31.110 Years

SPECIMEN

(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: \_\_\_\_\_, 2007.

\_\_\_\_\_  
In the presence of

SPECIMEN



June 14, 2007

Town of Wayne  
Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

Town of Wayne  
Wayne, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the Town of Wayne (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its \$256,000 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), 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) a loan agreement dated June 14, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of \$256,000 in the form of one bond, registered as to principal and interest to the Authority, with interest at the rate of 1% per annum, with principal installments and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning March 1, 2036, and maturing December 1, 2040, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

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

We have also examined the applicable provisions of Chapter 8, Article 19 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the bond ordinance duly enacted by the Issuer on June 11, 2007, as supplemented by the supplemental resolution duly adopted by the Issuer on June 11, 2007 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan 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 Loan Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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

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

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

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 and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System and secured by a first lien on and pledge of the Gross Revenues of the System on a parity with the Issuer's (i) Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated October 21, 2004, issued in the original aggregate principal amount of \$1,293,500 and (ii) Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), dated October 21, 2004, issued in the original aggregate principal amount of \$1,925,000, all in accordance with the terms of the Bonds and the Bond Legislation.

6. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be

imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. Based upon the certifications of the Issuer set forth in the Certificate as to Arbitrage and under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code. The opinion set forth above is subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code relating to the applicable exceptions to rebate. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements could cause proceeds of the Bonds to be subject to such arbitrage rebate requirements retroactive to the date of issuance of the Bonds.

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

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

We have examined 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



**FRAZIER & OXLEY, L.C.**

THE ST. JAMES MEZZANINE

401 TENTH STREET

HUNTINGTON, WEST VIRGINIA 25727-2808

WILLIAM M. FRAZIER  
LEON K. OXLEY  
W. MICHAEL FRAZIER

POST OFFICE BOX 2808  
TELEPHONE (304) 697-4370  
FAX (304) 525-8858

June 14, 2007

Town of Wayne  
Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

Town of Wayne  
Wayne, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council  
Charleston, West Virginia

Steptoe & Johnson PLLC  
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Wayne, a municipal corporation, in Wayne County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2007 A Bonds dated June 14, 2007, including all schedules and exhibits attached thereto (the Loan Agreement), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the Council), the Bond Ordinance duly enacted by the Issuer on June 11, 2007, as supplemented by the Supplemental Resolution duly adopted by the Issuer on June 11, 2007 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates 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 Loan Agreement when used herein.

I am 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.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.
3. The Mayor, Recorder and members of the council of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.
4. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.
5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the 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.

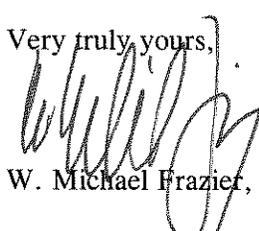
6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from the West Virginia Department of Environmental Protection, the Council, the West Virginia Bureau for Public Health 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 and such rate ordinance is in full force and effect. The Issuer has received from the Public Service Commission of West Virginia in Case No. 03-0975-W-CN the Recommended Decision entered November 19, 2003 which became final order on December 9, 2003, Commission Order dated October 7, 2004 and Commission Order dated April 17, 2007, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Orders has expired prior to the date hereof without any appeal having been filed. The Orders remain in full force and effect.

7. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds and the 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 Gross Revenues therefor.

8. I have verified that all successful bidders have made required provisions for all insurance and payment and performance bonds and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified 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 Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

  
W. Michael Frazier, Esquire



FRAZIER & OXLEY, L.C.

THE ST. JAMES MEZZANINE

401 TENTH STREET

HUNTINGTON, WEST VIRGINIA 25727-2808

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June 14, 2007

Town of Wayne  
Post Office Box 186  
Wayne, West Virginia 25570

West Virginia Bureau for Public Health  
Office of Environmental Health Services  
Charleston, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

Stephoe & Johnson, PLLC  
Charleston, West Virginia

Re: Final Title Opinion for Town of Wayne

Ladies and Gentlemen:

We are counsel to the Town of Wayne (the "Issuer") in connection with a proposed project to construct and upgrade the Town water system (the "Project"). We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Bureau For Public Health (the "BPH") for the Project. Please be advised of the following:

1. We are of the opinion that the Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the BPH.
2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.
3. We have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Woolpert Engineering, the consulting engineers for the Project.
4. We have examined the records on file in the Office of the Clerk of the County

Town of Wayne  
West Virginia Bureau for Public Health  
West Virginia Water Development Authority  
Steptoe & Johnson PLLC  
June 14, 2007  
Page 2

Commission of Wayne County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

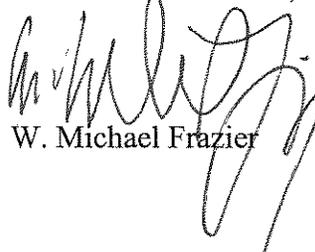
5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Wayne County, West Virginia, to permit the Issuer a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and our certification is subject to the following pending litigation:

<b>Name</b>	<b>Tax Map</b>	<b>Parcel</b>
Gary Brian Eves, et ux	3	Part of Parcel 16

6. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Wayne County to protect the legal title to and interest of the Issuer.

Very truly yours,

FRAZIER & OXLEY, L. C.



W. Michael Frazier

WMF/ss



TOWN OF WAYNE

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS/ BAN
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. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND  
ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDERS
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. EXECUTION OF COUNTERPARTS

On this 14th day of June, 2007, we, the undersigned MAYOR and RECORDER of the Town of Wayne in Wayne County, West Virginia (the "Issuer"), and the undersigned TOWN ATTORNEY hereby certify in connection with the Issuer's Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), 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 June 11, 2007, and the Supplemental Resolution duly adopted June 11, 2007 (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 2007 A Bonds, the completion of the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Series 2007 A Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2007 A Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment

of the Series 2007 A Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2007 A Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Gross Revenues as security for the Series 2007 A 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 2007 A 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/ BAN: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

The Issuer has the following outstanding obligations: (i) Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated October 21, 2004, issued in the original aggregate principal amount of \$1,293,500 (the "Series 2004A Bonds"); and (ii) Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), dated October 21, 2004, issued in the aggregate principal amount of \$1,925,000 (the "Series 2004 B Bonds") (collectively, 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 2007 A Bonds shall be issued on a parity with the Prior Bonds. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2007 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.

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

Infrastructure Council Loan Agreement for Series 2007 A Bonds

Public Service Commission Order

Infrastructure Council Approval  
Town Charter, with Amendments

Oaths of Office of Officers and Council members

Water Rate Ordinance

Minutes on Adoption and Enactment of Water Rate Ordinance

Affidavit of Publication of Water Rate Ordinance

Minutes on Adoption and Enactment of Bond Ordinance and Adoption  
of Supplemental Resolution

Affidavit of Publication of Abstract of Bond Ordinance and Notice of  
Public Hearing

Environmental Health Services Permit

Prior Bond Ordinances - 2004

Evidence of Insurance

Consent of West Virginia Water Development Authority

Consent of United States Department of Agriculture

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "Town of Wayne." The Issuer is a municipal corporation in Wayne County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of 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>
James Ramey, III	-	Mayor	July 1, 2005	June 30, 2007
Robert E. Scott	-	Recorder	July 1, 2005	June 30, 2007
Terry L. Ramey	-	Councilman	December 11, 2006	June 30, 2007
Millard A. Bradshaw, II	-	Councilman	July 1, 2005	June 30, 2007
Lucille Prichard	-	Councilman	July 1, 2005	June 30, 2007
Martha Ann Fry	-	Councilman	July 1, 2005	June 30, 2007

The duly appointed and acting Town Attorney is Frazier & Oxley, L.C.,  
Huntington, 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.

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 2007 A 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. All insurance for the System required by the Bond Legislation is in full force and effect.

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

11. RATES: The Issuer has duly enacted a water rate ordinance on July 26, 2004, setting rates and charges of the System. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal and such rates are currently in full force and effect.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Series 2007 A 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 2007 A Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate, register and deliver the Series 2007 A Bonds to a representative of the Authority as the original purchaser of the Series 2007 A Bonds under the Loan Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received \$30,367 from the Authority and the Council, being a portion of the principal amount of the Series 2007 A Bonds, there being no interest accrued thereon. The balance of the principal amount of the

Series 2007 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. 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 *Wayne News*, a qualified newspaper published in the Town of Wayne, 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 2007 A 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 11th day of June, 2007, at 6:00p.m., at the Town of Wayne, 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.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision entered November 19, 2003 which became final order on December 9, 2003, Commission Orders of the Public Service Commission of West Virginia entered on October 7, 2004 and on April 17, 2007, in Case No. 03-0975-W-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof without any appeal. The Commission Orders remain in full force and effect.

16. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Series 2007 A Bond.

17. 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 2007 A 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.

18. 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.

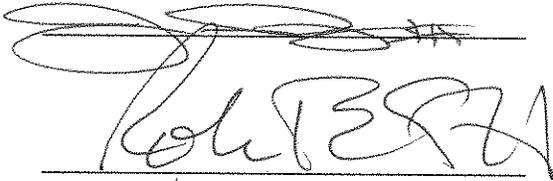
19. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of the TOWN OF WAYNE as of the date first written above.

[CORPORATE SEAL]

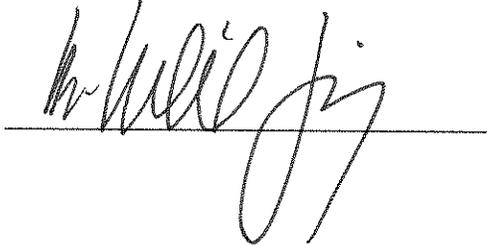
SIGNATURE

OFFICIAL TITLE



A handwritten signature in black ink, appearing to read "Robert", written over a horizontal line.

Mayor



A handwritten signature in black ink, appearing to read "William J.", written over a horizontal line.

Recorder

Town Attorney

946610.00002



TOWN OF WAYNE

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO ARBITRAGE

On this 14th day of June, 2007, the undersigned Mayor of the Town of Wayne in Wayne County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), (the "Series 2007 A Bonds") of the Issuer, dated the date hereof hereby certifies as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and applicable regulations (the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the Series 2007 A Bonds. I am familiar with the facts, circumstances, and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Ordinance authorizing the Series 2007 A Bonds duly enacted by the Issuer on June 11, 2007 and a Supplemental Resolution adopted by the Issuer on June 11, 2007 (collectively, the "Bond Ordinance").

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on June 14, 2007, the date on which the Series 2007 A Bonds are to be physically delivered in exchange for all or a portion of the principal amount of the Series 2007 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

receipt of a \$256,500 grant from the United States Department of Agriculture and the receipt of a \$1,230,000 Small Cities Block Grant. Sources and uses of funds for the completion of the Project are as follows:

SOURCES

Proceeds of the Series 2007 A Bonds	\$ 256,000
Total Sources	\$ <u>256,000</u>

USES

Costs of Acquisition and Construction of the Project	\$ 243,500
Costs of Issuance	\$ <u>12,500</u>
Total Uses	\$ <u>256,000</u>

The total amount of the costs of the Project is estimated to be at least equal to the gross proceeds of the Series 2007 A Bonds. Except for the proceeds of the Series 2007 A Bonds, no other funds of the Issuer will be available to complete the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Series 2007 A Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Series 2007 A Bonds does not exceed 120% of the average reasonably expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Series 2007 A Bonds or to the governmental purpose of the Series 2007 A Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Series 2007 A Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created:

- (1) Revenue Fund (established by the Prior Ordinances);
- (2) Renewal and Replacement Fund (established by the Prior Ordinances);
- (3) Series 2007 A Bonds Construction Trust Fund;
- (4) Series 2007 A Bonds Sinking Fund;

been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan producing a yield in excess of the yield on the Series 2007 A Bonds have been or will be pledged to payment of the Series 2007 A Bonds. Less than 10% of the monies received from the sale of the Series 2007 A Bonds, if any, will be deposited in the Series 2007 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 2007 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Series 2007 A Bonds and will not exceed 125% of average annual principal of and interest on the Series 2007 A Bonds. Amounts in the Series 2007 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 2007 A Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2007 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Series 2007 A Bonds, and is reasonably required to assure payments of debt service on the Series 2007 A Bonds.

Because amounts in the Renewal and Replacement Fund may be expended for other purposes, there is no reasonable assurance that any such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation.

14. Not later than simultaneously with the delivery of the Series 2007 A Bonds, the Issuer shall enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Series 2007 A Bonds.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

16. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such Series 2007 A Bonds were issued or as otherwise allowed, no portion of the proceeds of the Series 2007 A Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

17. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Series 2007 A Bonds to the Authority.

18. With the exception of the amount deposited in the Series 2007 A Bonds Sinking Fund for payment of interest on the Series 2007 A Bonds and the amount deposited in the Series 2007 A Bonds Reserve Account, if any, all of the proceeds of the Series 2007 A Bonds will be expended on the Project within 15 months from the date of issuance thereof.

19. 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 Series 2007 A Bonds.

20. The Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 2007 A Bonds each year. The Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 2007 A Bonds, or 1 year's interest earnings on the Series 2007 A Bonds Sinking Fund (other than the Series 2007 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2007 A Bonds Sinking Fund for payment of the principal of or interest on the Series 2007 A Bonds (other than the Series 2007 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2007 A Bonds Sinking Fund (other than in the Series 2007 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

21. The amount designated as cost of issuance of the Series 2007 A Bonds consists only of costs which are directly related to and necessary for the issuance of the Series 2007 A Bonds.

22. All property financed with the proceeds of the Series 2007 A Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

23. No more than 10% of the proceeds of the Series 2007 A Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Series 2007 A Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

24. The original proceeds of the Series 2007 A Bonds will not exceed the amount necessary for the purposes of the issue.

25. 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.

26. The Issuer shall not permit at any time or times any of the proceeds of the Series 2007 A Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2007 A Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2007 A Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order

to ensure the interest on the Series 2007 A Bonds is excludable from gross income for federal income tax purposes.

27. The Series 2007 A Bonds are not and will not be, in whole or in part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

28. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the interest on the Series 2007 A Bonds.

29. The Issuer shall comply with the yield restriction on the proceeds of the Series 2007 A Bonds as set forth in the Code.

30. The Issuer has either (a) funded or provided for the Series 2007 A Bonds Reserve Account to be funded at the maximum amount of principal and interest which will mature and become due on the Series 2007 A Bonds in the then current or any succeeding year with the proceeds of the Series 2007 A Bonds, or (b) created the Series 2007 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 5-year period until each such Series 2007 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 2007 A Bonds in the then current or any succeeding year. Monies in the Series 2007 A Bonds Reserve Account and the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2007 A Bonds and will not be available to pay costs of the Project.

31. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Series 2007 A Bonds subject to rebate.

32. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2007 A Bonds, (b) are to be sold pursuant to a common plan of financing together with any of the Series 2007 A Bonds and © will be paid out of substantially the same source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as any of the Series 2007 A Bonds.

33. The transactions contemplated herein do not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Series 2007 A Bonds is not occurring sooner than otherwise necessary, nor are the Series 2007 A Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

34. The Issuer will rebate to the United States the amount, if any, required by the Code and will take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2007 A Bonds.

35. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Series 2007 A Bonds.

36. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center.

37. All proceeds of the Series 2007 A Bonds to be used for payment of costs of the Project will be expended for such purposes within 3 years of the date of issuance of the Series 2007 A Bonds.

38. On the basis of the foregoing, it is not expected that the proceeds of any of the Series 2007 A Bonds will be used in a manner that would cause any of the Series 2007 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

39. 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.

40. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Series 2007 A Bonds.

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

[Remainder of page intentionally left blank]

WITNESS my signature as of the date first written above.

TOWN OF WAYNE

By: 

Its: Mayor

01.26.07  
946610.00002



TOWN OF WAYNE

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

On this 14th day of June, 2007, I, Steven D. Cole, P.E., Registered Professional Engineer, West Virginia License No. 10436, of Woolpert, LLP, St. Albans, West Virginia, hereby certify as follows:

1. My firm is engineer for the completion of the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public waterworks system (the "System") of the Town of Wayne (the "Issuer"), to be constructed in Wayne County, West Virginia, which completion of the 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 June 11, 2007, as amended by the Supplemental Resolution of the Issuer adopted June 11, 2007 (collectively, the "Bond Legislation"), and the Loan Agreement for the Series 2007 A Bonds by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated June 14, 2007, (the "Loan Agreement").

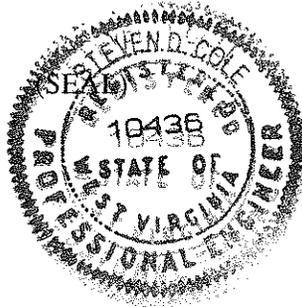
2. The Series 2007 Bonds are being issued (i) to pay for the completion of the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance and related costs.

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 has been constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council and the Authority and any change orders approved by the Issuer, the Authority, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty (40) years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer received bids and change orders for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing for the completion of the Project set forth in the Schedule B attached hereto as Exhibit A and Frazier & Oxley, L.C., counsel to the Issuer, has ascertained 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 were 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 Council and the bid forms provided to the bidders contained the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii)

the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the system; (ix) in reliance upon the certificate of an independent certified public accountant, Carter & Company Accounting Corporation, CPA, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other 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 Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Estimated Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal as of the date first written above.

WOOLPERT, LLP



Steven D. Cole, P.E.  
West Virginia License No. 10436

946610.00002

**WEST VIRGINIA INFRASTRUCTURE  
SCHEDULE B  
TOWN OF WAYNE WATER WORKS**

A. COST OF PROJECT		TOTAL	IJDC	DWTRF loan	RUS loan
1 Construction					
Contract 1		225,000.00	38,840.00	0.00	186,160.00
Contract 2					
a. Pay est 11 & 12	476,479.31				
b. liquidated damages	0.00				
c. change orders	70,110.00				
Contract 2 - Subtotal		546,589.31	70,110.00	476,948.00	0.00
Contract 3		0.00	0.00	0.00	0.00
2 Technical Services - Woolpert					
a. Additional Inspection		12,000.00	12,000.00	0.00	0.00
b. Special Services (Liq. Damages)		22,500.00	22,500.00	0.00	0.00
3 Legal & Fiscal					
a. Legal (Frazier)		4,000.00	0.00	0.00	4,000.00
b. Legal (Frazier)		18,000.00	18,000.00	0.00	0.00
c. Legal (PSC work)		5,500.00	5,500.00		
c. Accounting (Davidson)		4,000.00	4,000.00	0.00	0.00
4 Administrative (Reg II)		25,000.00	25,000.00	0.00	0.00
5 Sites & Other Lands		0.00	0.00	0.00	0.00
6 Contingency		0.00	47,550.00	0.00	0.00
7 Miscellaneous		0.00	0.00	0.00	0.00
8 TOTAL of Lines 1 through 7		862,589.31	243,500.00	476,948.00	190,160.00
B. COST OF FINANCING					
9 Registrar		500.00	500.00	0.00	0.00
10 Bond Counsel		12,000.00	12,000.00	0.00	0.00
11 Cost of Financing		12,500.00	12,500.00	0.00	0.00
12 TOTAL PROJECT COST line 8 plus line 11		875,089.31	256,000.00	476,948.00	190,160.00
C. SOURCES OF OTHER FUNDS					
13 Federal Grants					
14 State Grants					
15 Other Grants					
16 Any Other Source					
17 TOTAL GRANTS Lines 13 through 16		0.00	0.00	0.00	0.00
18 Size of Bond Issue (line 12 minus Line 17)		875,089.31	256,000.00	476,948.00	190,160.00

  
 \_\_\_\_\_  
 Town of Wayne

  
 \_\_\_\_\_  
 Woolpert

6/11/07  
 \_\_\_\_\_  
 Date

5/24/07  
 \_\_\_\_\_  
 Date



# Carter & Company

ACCOUNTING CORPORATION

537 SIXTH AVENUE  
HUNTINGTON, WV 25701  
carterandcompanyac.com

LUCIAN R. CARTER, P A  
ROBERT M. DAVIDSON, CPA MBA  
CARL E. BLACK  
DALLAS RAMEY EA

TELEPHONE  
(304) 529-7156  
FACSIMILE  
(304) 529-1062

June 14, 2007

Town of Wayne  
Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

Town of Wayne  
Wayne, West Virginia

West Virginia Water Development Authority  
Charleston, West Virginia

United States Department of Agriculture,  
Parkersburg, West Virginia

West Virginia Infrastructure & Jobs Development Council  
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the water rate ordinance of the Town of Wayne (the "Issuer"), enacted July 26, 2004, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Town of Wayne ("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 Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) (the "Bonds"), and all other obligations secured by or payable from the revenues of the System, specifically including the Prior Bonds, as such term is defined in the Ordinance of the Issuer authorizing the issuance of the Series 2007 A Bonds.

It is further my opinion that, (i) the Net Revenues for the Fiscal Year following the year in which the Series 2007 A Bonds are issued will be at least 120% of the average annual debt service requirements on the Prior Bonds and the Series 2007 A Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2007 A Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and the Series 2007 A Bonds.

Very truly yours,

Carter & Company  
ACCOUNTING CORPORATION



Robert M Davidson



At a Circuit Court for Wayne County continued and held at the Court House thereof on Monday, November 20, 1911, present the Honorable John B. Wilkinson, Judge.

IN THE MATTER of Petition of B.J. Frichard and others, for the amendment of the Charter of the town of Fairview, Wayne County, West Virginia, by changing the charter name of said town to the town of Wayne, Wayne County, West Virginia.

This day this cause came on again to be heard upon the petition of B.J. Frichard and others asking an amendment to the charter of the town of Fairview, Wayne County, West Virginia, which said petition was filed by an order of this court at the August term 1911 thereof which said order directed that said notice of the filing of said petition be given by the publication of the order filing the same and the posting thereof, as required by Chapter 47 of the Code of West Virginia; and it appearing to the court from a printed copy of said notice filed with the papers in this cause to which affidavits are attached showing that said publication and posting has been duly made for the time and in the manner required by law and as directed by said former order in these proceedings; and there having been heretofore no exceptions or objections filed or made herein to any of the proceedings had here under, and none now being presented or made to the making and entering of this order herein; and the court being of opinion, upon due consideration, that the petitioners are entitled to have the order entered herein set forth in their said petition and prayer thereto. It is therefore adjudged, ordered and decreed by the Court that the charter heretofore made by this court incorporating the said town of Fairview, Wayne County, West Virginia be and the same is hereby amended by striking out the word therein "Fairview" therein and substituting for and in lieu of the word "Fairview" in said charter the word "Wayne". And that here after the legal name of said municipal corporation shall be, and shall be known and designated as the town of Wayne, Wayne County, West Virginia.

It is further ordered and decreed that this amendment to said charter of said corporation shall not have effect, alter or change in any manner what-so-ever the rights or liabilities of said corporation heretofore or existing at the time of the entering of this order. The Clerk of this Court is hereby directed to certify a copy of this order for the Common Council of said Municipal Corporation for Record on the books of said corporation.

And it appearing to the court that this this proceeding has fully accomplished its purpose and that there remains nothing further to be done herein the same is ordered to be stricken from the docket.

STATE OF WEST VIRGINIA  
WAYNE COUNTY CIRCUIT COURT CLERK'S OFFICE:

I, Beulah Kahle, Clerk of the Circuit Court of Wayne County, West Virginia, do hereby certify that the foregoing is a true and correct copy of an Order entered in Law Order Book No. 29, at Page 308, as fully as is of record and on file in my said office.

Given under my hand and the Seal of the Court, this the 24th day of September, 1971.

BEULAH KAHLE  
Clerk, Circuit Court, Wayne County,  
West Virginia.

By Charlene Ferguson  
Deputy

## Rules of Procedure

TOWN OF WAYNE

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

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

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

2. Special Meetings. A notice shall be posted by the Recorder at the front door or bulletin board of the Town 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 18th day of October, 2004.

[SEAL]

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Recorder

946610.00001



AFIDAVIT

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

James Ramsey III AFTER FIRST BEING DULY SWORN,  
STATES AND DEPOSES; THAT James Ruyatt MAKE OATH  
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE  
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF  
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE  
SAID OFFICE OF Mayor OF THE TOWN OF WAYNE TO  
THE BEST OF MY SKILL AND JUDGEMENT.

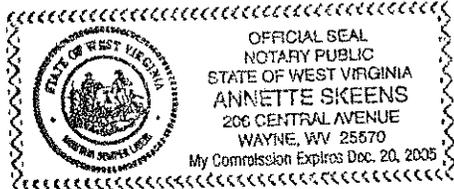


TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED

AUTHORITY THIS 30th DAY OF June 2005.

MY COMMISSION EXPIRES : Dec. 20, 2005

NOTARY Annette Skeens



AFIDAVIT

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

I ROBERT E. Scott, AFTER FIRST BEING DULY SWORN,  
STATES AND DEPOSES; THAT I Robert E. Scott MAKE OATH  
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE  
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF  
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE  
SAID OFFICE OF Recorder OF THE TOWN OF WAYNE TO  
THE BEST OF MY SKILL AND JUDGEMENT.

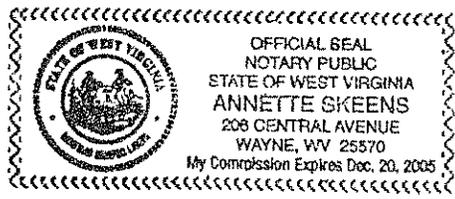
[Signature]

TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED

AUTHORITY THIS 30<sup>th</sup> DAY OF June 2005.

MY COMMISSION EXPIRES : Dec. 20, 2005

NOTARY Annette Skeens



AFIDAVIT

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

I Jon Reed, AFTER FIRST BEING DULY SWORN,  
STATES AND DEPOSES; THAT I Jon Reed MAKE OATH  
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE  
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF  
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE  
SAID OFFICE OF Town Council OF THE TOWN OF WAYNE TO  
THE BEST OF MY SKILL AND JUDGEMENT.

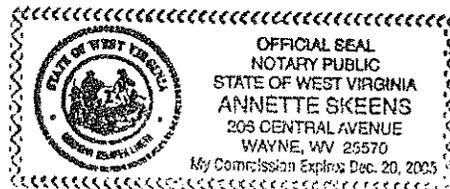
Jon A. Reed

TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED

AUTHORITY THIS 30<sup>th</sup> DAY OF June 2005.

MY COMMISSION EXPIRES : Dec. 20, 2005

NOTARY Annette Skeens



AFIDAVIT

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

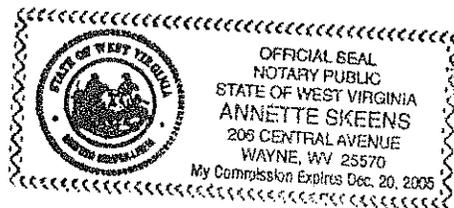
I Michael A. Bradshaw II, AFTER FIRST BEING DULY SWORN,  
STATES AND DEPOSES; THAT I Michael A. Bradshaw II MAKE OATH  
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE  
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF  
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE  
SAID OFFICE OF Council OF THE TOWN OF WAYNE TO  
THE BEST OF MY SKILL AND JUDGEMENT.

Michael A. Bradshaw II

TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED  
AUTHORITY THIS 30th DAY OF June 2005.

MY COMMISSION EXPIRES : Dec. 20, 2005

NOTARY Annette Skeens



AFIDAVIT

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

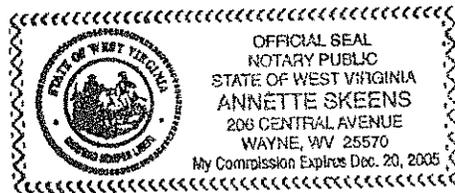
I Lucille Richard AFTER FIRST BEING DULY SWORN,  
STATES AND DEPOSES; THAT I Lucille Richard MAKE OATH  
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE  
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF  
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE  
SAID OFFICE OF Council OF THE TOWN OF WAYNE TO  
THE BEST OF MY SKILL AND JUDGEMENT.

Lucille Richard

TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED  
AUTHORITY THIS 30<sup>th</sup> DAY OF June 2005.

MY COMMISSION EXPIRES : Dec 20, 2005

NOTARY Annette Skeens



AFIDAVIT

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

I Martha Ann Fug, AFTER FIRST BEING DULY SWORN,  
STATES AND DEPOSES; THAT I Martha Ann Fug MAKE OATH  
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE  
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF  
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE  
SAID OFFICE OF TOWN COUNCIL OF THE TOWN OF WAYNE TO  
THE BEST OF MY SKILL AND JUDGEMENT.

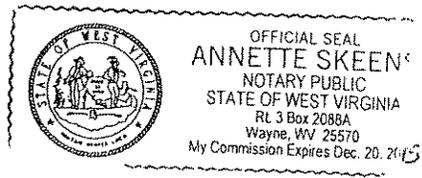
X Martha Ann Fug

TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED

AUTHORITY THIS 13<sup>th</sup> DAY OF February 2006.

MY COMMISSION EXPIRES : Dec. 20, 2015

NOTARY Annette Skeene



### AFIDAVIT

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

I Terry Lee Kinney, AFTER FIRST BEING DULY SWORN,  
STATES AND DEPOSES; THAT I Terry Lee Kinney MAKE OATH  
AND AFFIRMATION THAT I WILL SUPPORT THE CONSTITUTION OF THE  
UNITED STATES, THE CONSTITUTION OF THIS STATE, AND THE TOWN OF  
WAYNE AND THAT I WILL FAITHFULLY DISCHARGE THE DUTIES OF THE  
SAID OFFICE OF Council member OF THE TOWN OF WAYNE TO  
THE BEST OF MY SKILL AND JUDGEMENT.

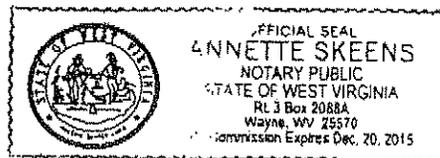
Terry L Kinney

TAKEN, SUBSCRIBED AND SWORN TO BEFORE THE UNDERSIGNED

AUTHORITY THIS 11<sup>th</sup> DAY OF December 2006.

MY COMMISSION EXPIRES: Dec. 20, 2015

NOTARY Annette Skeens



**TOWN OF WAYNE  
REGULAR COUNCIL MEETING  
DECEMBER 11, 2006**

Present:	Mayor	James Ramey III
	Recorder	Robert E. Scott
	Council	Millard A. Bradshaw II
		Rosie Whipkey
		Lucille Prichard
		Martha Ann Fry

Meeting called to order at 6:27 pm by Mayor Ramey.

Mrs. Fry moved to accept the regular meeting minutes of November 13, 2006, second by Mrs. Prichard, and the same passed unanimously.

**Council Seat Nominations**

Mayor Ramey asked Council for nominations to fill the unexpired council seat of Jon Reed. Mrs. Fry moved to nominate Terry Ramey, second by Mrs. Prichard. Mayor Ramey called for any further nominations from council and none being received, Mayor Ramey closed the nominations.

Mrs. Prichard moved to accept the nomination of Terry Ramey to fill the vacant council seat, second by Mrs. Whipkey, and the same passed unanimously. Mr. Ramey was sworn in by Recorder Robert E. Scott and was seated at 6:32 pm.

**An Ordinance Authorizing Participation in WVML Municipal Revenue Enhancement Program and the Execution of the Intergovernmental Agreement for the Exchange of Information Among the Town of Wayne, The West Virginia Municipal League, Inc., and Participating Municipalities-Second Reading**

Mrs. Whipkey moved that the ordinance be read by title only, second by Mr. Bradshaw, and the same passed unanimously. Recorder Robert E. Scott read the ordinance by title. Mrs. Fry moved to accept the second reading of the ordinance, second by Mrs. Whipkey, and the same passed unanimously. Mr. Bradshaw moved to waive the third reading of the ordinance and to accept the ordinance immediately, second by Mrs. Fry, and the same passed unanimously.

**Computer Purchase**

Mr. Bradshaw moved to purchase two computers to replace antiquated computers located in the Police and Town clerks offices for a total of \$2,316.24 from RBF Computer Consulting of Lavalette, WV and to apply a grant from the Wal-Mart Corporation in the

amount of \$875.00 to the purchase therefore authorizing a total of \$1,441.24 in funds for the purchase, second by Mrs. Whipkey, and the same passed unanimously.

### **Mobile Phone Service**

Mrs. Prichard moved to authorize cellular phones be provided to the following Town officials: Mayor, Police Judge, Supervisor, Chief of Police and one phone for the use of office staff, second by Mrs. Fry, and the same passed unanimously.

Mr. Bradshaw moved that the Council enter executive session to discuss personnel matters, second by Mrs. Fry, and the same passed unanimously.

The Council entered executive session at 6:42 pm.

The Council returned and was called to order by Mayor Ramey at 7:06 pm.

### **Personnel**

Mr. Bradshaw moved to authorize health insurance for Police Chief Gary Porter beginning immediately, second by Mrs. Prichard, and the same passed unanimously.

Mrs. Fry moved to authorize a one-dollar per hour increase for Police clerk, Vicki Harless to recognize her completion of court training for Police Clerks, second by Mrs. Whipkey, and the same passed unanimously.

### **Public Comment**

Bennie Artis-requested that the intersection of Wayne and Hall streets be signed to prevent parking that crowds the intersection and that the area of Keyser Street that is located in front of Gino's have the "No Parking" area enforced.

As there was no further business pending before the Council, Mrs. Prichard moved to adjourn, second by Mrs. Fry.

Meeting adjourned at 7:12 pm.

---

James Ramey III, Mayor

---

Robert E. Scott, Recorder



TOWN OF WAYNE

**AN ORDINANCE SETTING FORTH WATER RATES, CONNECTION CHARGES, RECONNECTION CHARGES, DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE WATERWORKS SYSTEM OF THE TOWN OF WAYNE.**

**THE TOWN COUNCIL OF THE TOWN OF WAYNE HEREBY ORDAINS:**

The following rules, rates and charges are hereby fixed, determined and established for water services provided to all general domestic, commercial, and industrial users and customers of the Town of Wayne Municipal Waterworks System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

SECTION 1. SCHEDULE OF RATES, CHARGES AND PENALTIES

APPLICABILITY

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES AND CHARGES

First	2,000	gallons used per month	\$5.995 per 1,000 gallons
Next	3,000	gallons used per month	\$5.331 per 1,000 gallons
Next	10,000	gallons used per month	\$4.828 per 1,000 gallons
Next	25,000	gallons used per month	\$4.738 per 1,000 gallons
Over	40,000	gallons used per month	\$4.285 per 1,000 gallons

SURCHARGE

Effective with these new rates, the \$3.00 per month surcharge on every customer's bill has been removed.

**MINIMUM CHARGE**

No bill will be rendered for less than the following amounts, according to size of the meter installed, to-wit:

5/8 or 3/4	inch meter, or smaller	\$ 11.99 per month
1	inch meter	\$ 26.97 per month
1-1/2	inch meter	\$ 51.94 per month
2	inch meter	\$ 81.89 per month
3	inch meter	\$151.80 per month
4	inch meter	\$251.67 per month
6	inch meter or larger	\$501.34 per month

**DELAYED PAYMENT PENALTY-RECONNECT-ADMINISTRATIVE FEES**

The above tariff is net, on all accounts not paid in full within twenty (20) days of the date of bill, ten percent (10%) will be added to net amount shown. If any bill is not paid within sixty (60) days from the date of the bill, water service to the customer will be disconnected and will not be restored until all past due bills have been paid in full, together with all penalty charges and a reconnection fee, subject to applicable rules of the Public Service Commission of West Virginia.

Whenever water service has been disconnected, a disconnection fee of \$25.00 shall be charged; or in the event the delinquent water bill is collected by the Town in the field, an administrative fee of \$25.00 shall be charged.

A \$20.00 reconnection fee will be assessed for each occurrence where water service to a customer is restored after water service has been terminated for non-payment of water bills.

**CONNECTION CHARGE**

There shall be a charge for each new connection to the system (prior to construction) of one hundred dollars (\$100.00) per meter (the tap fee). After the start of construction, there will be a charge of three hundred dollars (\$300.00) per meter for connection to the system.

**DOMESTIC SECURITY DEPOSITS**

A refundable security deposit not to exceed 1/12 of the average annual charge shall be required of domestic customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

**COMMERCIAL AND INDUSTRIAL SECURITY DEPOSITS**

A refundable security deposit not to exceed 1/6 of the average annual charge shall be required of commercial and industrial customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

### MULTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, and in trailer courts, each family or business unit will be metered separately and shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch (5/8") meter. Motels and hotels shall pay according to the size of meter installed.

### RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such returned check and under no circumstances shall the fee collected by the Town exceed \$20.00.

### LEAK ADJUSTMENT INCREMENT

When a leak has occurred on the customer's side of a meter, the utility will adjust the bill of that customer only one time. This adjustment will be made by charging the customer an average monthly bill plus 25% of that actual leak. Wayne Water Services is willing to absorb 75% of the cost of that actual leak. In order that a customer receive this adjustment, the utility must be notified of the leak, and an employee of the utility must verify that the leak has been repaired. No other adjustments will be made unless the entire service line is replaced.

The leak MUST be a concealed leak. Leaking or running commodes, treatment systems, faucets, whether inside or outside, exposed piping, outdoor showers, hose bibs, water fountains, dishwashers, etc., SHALL NOT be considered concealed leaks.

### SECTION 2. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

### SECTION 3. EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after final enactment hereof, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Recorder shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the *Wayne County News*, a qualified newspaper of general circulation in the Town of Wayne, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on July 26, 2004, at 6:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Wayne, West Virginia.

First Reading: July 12, 2004

Second Reading: July 26, 2004

TOWN OF WAYNE, a municipal corporation

Mayor

Recorder



**TOWN OF WAYNE  
REGULAR COUNCIL MEETING  
JULY 12, 2004**

Present:	Mayor	James Ramey III
	Recorder	Robert E. Scott
	Council	Martha Ann Fry
		Danny Grace
		Lucille Prichard
		Jon Reed Jr.

Meeting called to order at 6:34 pm by Mayor Ramey.  
Mrs. Prichard moved to accept the minutes of June 14, 2004, second by Mrs. Fry, and the same passed unanimously.

**Greater Huntington Baptist Association (GHBA)**

GHBA representative Doug Virgin requested the use of the former Town Hall to schedule Saturday evening worship services and to conduct a Vacation Bible School. Council gave tentative approval pending a joint letter of agreement between Boy Scout Troop 170 and the GHBA.

**Wayne Co. Board of Education**

Representative Ted Collins presented Council with the availability of a work/study program that provides students for on the job training after school and on Saturdays.

**Buck Ferguson**

Mr. Ferguson advised Council that illegal parking around the courthouse, and at the intersection of Mechanics Street and the Short-Cut is still occurring and causing unsafe driving conditions. He also reports that some residents in the Spunky Addition are in violation of certain Town Ordinances.

**Old Garretts Creek Road Water Service**

Former Town Clerk Kim Queen informed Council that Chris Brooks applied for water service prior to a pressure waiver being required and that Michael Brooks refused to sign a pressure waiver.

**WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM)**  
**FIRST READING**

Mrs. Fry moved that the ordinance be read by title only, second by Mrs. Prichard, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Mr. Grace moved to accept the first reading of the ordinance, second by Mrs. Fry, and the same passed unanimously.

**AN ORDINANCE ESTABLISHING A MUNICIPAL WATER BOARD CROSS-CONNECTION CONTROL AND BACKFLOW PREVENTION PROGRAM – FIRST READING**

Mrs. Prichard moved that the ordinance be read by title only, second by Mrs. Fry, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

WHEREAS, the Town of Wayne, West Virginia (the "Town") provides for the establishment of a Municipal Water Board to supervise, control, administer, operate and maintain a potable water system for the residents of Wayne; and,

WHEREAS, by the Federal Safe Drinking Water Act of 1974 and the Code of West Virginia Chapter 16, Article 1 and Public Health Laws, WV Bureau for Public Health Chapter 1, Article 5B require each public water purveyor to develop and maintain a Cross-Connection Control and Backflow Prevention Program to prevent water from unapproved sources, or any other substances, from entering the public potable water supply; and,

WHEREAS, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will protect the public potable water supply serving the Town of Wayne from the possibility of contamination or pollution by isolating within its customer's internal distribution system, such

contaminants or pollutants, which could backflow or back-siphon into the public water system; and,

**WHEREAS**, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will promote the control and elimination of existing cross-connections, actual or potential, between customer's potable and non-potable systems.

**NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF WAYNE, WEST VIRGINIA**, that this Ordinance be enacted as follows:

The City Council of the Town of Wayne has determined that it is the responsibility of the Wayne Water Board to establish policy and regulations to implement a Cross-Connection Control and Backflow prevention Program to prevent the public potable water supply from possible contamination by isolating, within its customer's internal distribution systems, such contaminants or pollutants, which could backflow or back siphon into the potable water supply system.

The Cross-Connection Control and Backflow Prevention Program shall be set forth in regulations entitled the "Cross-Connection and Backflow Prevention Program", a copy of which regulations shall be on file at the Municipal Building and the Water Plant location. The "Cross-Connection Control and Backflow Prevention Program" shall be implemented by the Water Maintenance Supervisor and the Water Plant Chief Operator, who shall be responsible for the protection of the public potable water distribution system from contamination or pollution due to the backflow or back siphon of contaminants or pollutants through the water service connection.

All users of municipal water shall be responsible for complying with the provisions of the "Cross-Connection and Backflow Prevention Program". Failure to comply with this Ordinance of the Town of Wayne and the "Cross-Connection Control and Backflow Prevention Program" shall result in a fine of not less than one hundred (\$100.00) nor more than two hundred fifty dollars (\$250.00) or imprisoned not more than thirty (30) days, or both. Each day that any person continues the violation of any of the rules and regulations made and promulgated by the Water Board shall constitute a separate offense.

Mrs. Prichard moved to accept the first reading of the ordinance, second by Mrs. Fry, and the same passed unanimously.

**AN ORDINANCE SETTING FORTH WATER RATES,  
CONNECTION CHARGES, RECONNECTION CHARGES,  
DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR  
SERVICE TO CUSTOMERS OF THE WATER WORKS SYSTEM OF  
THE TOWN OF WAYNE – FIRST READING**

Mrs. Fry moved that the ordinance be read by title only, second by Mr. Reed, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:

**THE TOWN COUNCIL OF THE TOWN OF WAYNE HEREBY ORDAINS:**

The following rules, rates and charges are hereby fixed, determined and established for water services provided to all general domestic, commercial, and industrial users and customers of the Town of Wayne Municipal Waterworks System, commencing upon the

effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

**SECTION 1. SCHEDULE OF RATES, CHARGES AND PENALTIES**

**APPLICABILITY**

Applicable in entire area served

**AVAILABILITY OF SERVICE**

Available for general domestic, commercial and industrial service.

**RATES AND CHARGES**

First	2,000	gallons used per month	\$5.995 per 1,000 gallons
Next	3,000	gallons used per month	\$5.331 per 1,000 gallons
Next	10,000	gallons used per month	\$4.828 per 1,000 gallons
Next	25,000	gallons used per month	\$4.738 per 1,000 gallons
Over	40,000	gallons used per month	\$4.285 per 1,000 gallons

**SURCHARGE**

Effective with these new rates, the \$3.00 per month surcharge on every customer's bill has been removed.

**MINIMUM CHARGE**

No bill will be rendered for less than the following amounts, according to size of the meter installed, to-wit:

5/8 or 3/4	inch meter, or smaller	\$11.99 per month
1	inch meter	\$26.97 per month
1-1/2	inch meter	\$51.94 per month
2	inch meter	\$81.89 per month
3	inch meter	\$151.80 per month
4	inch meter	\$251.67 per month
6	inch meter	\$501.34 per month

**DELAYED PAYMENT PENALTY-RECONNECT-ADMINISTRATIVE FEES**

The above tariff is net, on all accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to net amount shown. If any bill is not paid within sixty (60) days from the date of the bill, water service to the customer will be disconnected and will not be restored until all past due bills have been paid in full, together with all penalty charges and a reconnection fee, subject to applicable rules of the Public Service Commission of West Virginia.

Whenever water service has been disconnected, a disconnection fee of \$25.00 shall be charged; or in the event the delinquent water bill is collected by the Town in the field, an administrative fee of \$25.00 shall be charged.

A \$20.00 reconnection fee will be assessed for each occurrence where water service to a customer is restored after water service has been terminated for non-payment of water bills.

### **CONNECTION CHARGE**

There shall be a charge for each new connection to the system (prior to construction) of one hundred dollars (\$100.00) per meter (the tap fee). After the start of construction, there will be a charge of three hundred (\$300.00) per meter for connection to the system.

### **DOMESTIC SECURITY DEPOSITS**

A refundable security deposit not to exceed 1/12 of the average annual charge shall be required of domestic customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

### **COMMERCIAL AND INDUSTRIAL SECURITY DEPOSITS**

A refundable security deposit not to exceed 1/6 of the average annual charge shall be required of commercial and industrial customers prior to being connected and reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

### **MUTIPLE OCCUPANCY**

On apartment buildings or other multiple occupancy buildings, and in trailer courts, each family or business unit will be metered separately and shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch (5/8") meter. Motels and hotels shall pay according to the size of meter installed.

### **RETURNED CHECK CHARGE**

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such returned check and under no circumstances shall the fee collected by the Town exceed \$20.00.

### **LEAK ADJUSTMENT INCREMENT**

When a leak has occurred on the customer's side of a meter, the utility will adjust the bill of that customer only one time. This adjustment will be made by charging the customer an average monthly bill plus 25% of that actual leak. Wayne Water Services is willing to absorb 75% of the cost of that actual leak. In order that a customer receive this adjustment, the utility must be notified of the leak, and an employee of the utility must verify that the leak has been repaired. No other adjustments will be made unless the entire service line is replaced.

The leak MUST be a concealed leak. Leaking or running commodes, treatment systems, faucets, whether inside or outside, exposed piping, outdoor showers, hose bibs, water fountains, dishwashers, etc., SHALL NOT be considered concealed leaks.

### **SECTION 2. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES**

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions,

orders or parts thereof in conflict with the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

**SECTION 3. EFFECTIVE DATE**

The rates, charges and penalties provided herein shall become effective forty-five (45) days after final enactment hereof, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

**SECTION 4. STATUTORY NOTICE OF PUBLIC HEARING**

Upon introduction hereof, the Town Recorder shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period a fourteen (14) consecutive days, with at least six (6) days between each publication, in the Wayne County News, a qualified newspaper of general circulation in the Town of Wayne, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on July 26, 2004 , at 6:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Wayne, West Virginia.

Mr. Reed moved to accept the first reading of the ordinance, second by Mr. Grace, and the same passed unanimously.

**River Cities Disposal Service**

No action taken.

**Fall Festival 2004**

Mayor Ramey reports that the Festival Committee has approximately \$7800.00 in funds for the 2004 Festival.

**DUI Ordinance Amendment**

Mr. Reed moved that Council authorize Attorney Mike Frazier to prepare an Amendment to the Town's current DUI ordinance to conform to the States current version, second by Mrs. Fry, and the same passed unanimously.

As there was no further business pending before the Council, Mrs. Fry moved to adjourn, second by Mr. Grace, and the same passed unanimously.

Meeting adjourned at 7:35 pm.

  
James Ramey III, Mayor

  
Robert E. Scott, Recorder

**TOWN OF WAYNE  
SPECIAL COUNCIL MEETING  
JULY 26, 2004**

Present: Mayor James Ramey III  
Recorder Robert E. Scott  
Council Martha Ann Fry  
Danny Grace  
Jon Reed Jr.

Meeting called to order at 6:04 pm by Mayor Ramey.

**AN ORDINANCE SETTING FORTH WATER RATES,  
CONNECTION CHARGES, RECONNECTION CHARGES,  
DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR  
SERVICE TO CUSTOMERS OF THE WATER WORKS SYSTEM OF  
THE TOWN OF WAYNE – SECOND READING**

Mr. Grace moved that the ordinance be read by title only, second by Mr. Reed, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:  
**THE TOWN COUNCIL OF THE TOWN OF WAYNE HEREBY ORDAINS:**  
The following rules, rates and charges are hereby fixed, determined and established for water services provided to all general domestic, commercial, and industrial users and customers of the Town of Wayne Municipal Waterworks System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

**SECTION 1. SCHEDULE OF RATES, CHARGES AND PENALTIES**

**APPLICABILITY**

Applicable in entire area served

**AVAILABILITY OF SERVICE**

Available for general domestic, commercial and industrial service.

**RATES AND CHARGES**

First	2,000	gallons used per month	\$5.995 per 1,000 gallons
Next	3,000	gallons used per month	\$5.331 per 1,000 gallons
Next	10,000	gallons used per month	\$4.828 per 1,000 gallons
Next	25,000	gallons used per month	\$4.738 per 1,000 gallons
Over	40,000	gallons used per month	\$4.285 per 1,000 gallons

**SURCHARGE**

Effective with these new rates, the \$3.00 per month surcharge on every customer's bill has been removed.

**MINIMUM CHARGE**

No bill will be rendered for less than the following amounts, according to size of the meter installed, to-wit:

5/8 or 3/4	inch meter, or smaller	\$11.99 per month
1	inch meter	\$26.97 per month
1-1/2	inch meter	\$51.94 per month
2	inch meter	\$81.89 per month
3	inch meter	\$151.80 per month
4	inch meter	\$251.67 per month
6	inch meter	\$501.34 per month

**DELAYED PAYMENT PENALTY-RECONNECT-ADMINISTRATIVE FEES**

The above tariff is net, on all accounts not paid in full within twenty (20) days of the date of the bill, ten percent (10%) will be added to net amount shown. If any bill is not paid within sixty (60) days from the date of the bill, water service to the customer will be disconnected and will not be restored until all past due bills have been paid in full, together with all penalty charges and a reconnection fee, subject to applicable rules of the Public Service Commission of West Virginia.

Whenever water service has been disconnected, a disconnection fee of \$25.00 shall be charged; or in the event the delinquent water bill is collected by the Town in the field, an administrative fee of \$25.00 shall be charged.

A \$20.00 reconnection fee will be assessed for each occurrence where water service to a customer is restored after water service has been terminated for non-payment of water bills.

**CONNECTION CHARGE**

There shall be a charge for each new connection to the system (prior to construction) of one hundred dollars (\$100.00) per meter (the tap fee). After the start of construction, there will be a charge of three hundred (\$300.00) per meter for connection to the system.

**DOMESTIC SECURITY DEPOSITS**

A refundable security deposit not to exceed 1/12 of the average annual charge shall be required of domestic customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

**COMMERCIAL AND INDUSTRIAL SECURITY DEPOSITS**

A refundable security deposit not to exceed 1/6 of the average annual charge shall be required of commercial and industrial customers prior to being connected and reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

### **MUTIPLE OCCUPANCY**

On apartment buildings or other multiple occupancy buildings, and in trailer courts, each family or business unit will be metered separately and shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch (5/8") meter. Motels and hotels shall pay according to the size of meter installed.

### **RETURNED CHECK CHARGE**

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such returned check and under no circumstances shall the fee collected by the Town exceed \$20.00.

### **LEAK ADJUSTMENT INCREMENT**

When a leak has occurred on the customer's side of a meter, the utility will adjust the bill of that customer only one time. This adjustment will be made by charging the customer an average monthly bill plus 25% of that actual leak. Wayne Water Services is willing to absorb 75% of the cost of that actual leak. In order that a customer receive this adjustment, the utility must be notified of the leak, and an employee of the utility must verify that the leak has been repaired. No other adjustments will be made unless the entire service line is replaced.

The leak MUST be a concealed leak. Leaking or running commodes, treatment systems, faucets, whether inside or outside, exposed piping, outdoor showers, hose bibs, water fountains, dishwashers, etc., SHALL NOT be considered concealed leaks.

### **SECTION 2. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES**

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

### **SECTION 3. EFFECTIVE DATE**

The rates, charges and penalties provided herein shall become effective forty-five (45) days after final enactment hereof, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

### **SECTION 4. STATUTORY NOTICE OF PUBLIC HEARING**

Upon introduction hereof, the Town Recorder shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period a fourteen (14) consecutive days, with at least six (6) days between each publication, in the Wayne County News, a qualified newspaper of general circulation in the Town of Wayne, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on July 26, 2004 , at 6:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such

action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Wayne, West Virginia.

Mr. Reed moved to accept the second reading of the ordinance, second by Mrs. Fry, and the same passed unanimously. Mr. Grace moved to waive the third reading of the ordinance and that said ordinance become effective in 45 days, second by Mr. Reed, and the same passed unanimously.

**WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM) SECOND READING**

Mr. Reed moved that the ordinance be read by title only, second by Mrs. Fry, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance: ✓  
**ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.**

Mrs. Fry moved to accept the second reading of the ordinance, second by Mr. Grace, and the same passed unanimously.

**AN ORDINANCE ESTABLISHING A MUNICIPAL WATER BOARD CROSS-CONNECTION CONTROL AND BACKFLOW PREVENTION PROGRAM – SECOND READING**

Mrs. Fry moved that the ordinance be read by title only, second by Mr. Reed, and the same passed unanimously. Recorder Robert E. Scott read the following ordinance:  
**WHEREAS, the Town of Wayne, West Virginia (the "Town") provides for the establishment of a Municipal Water Board to supervise, control, administer, operate and maintain a potable water system for the residents of Wayne; and, WHEREAS, by the Federal Safe Drinking Water Act of 1974 and the Code of West Virginia Chapter 16, Article 1 and Public Health Laws, WV Bureau for Public Health**

Chapter 1, Article 5B require each public water purveyor to develop and maintain a Cross-Connection Control and Backflow Prevention Program to prevent water from unapproved sources, or any other substances, from entering the public potable water supply; and,

**WHEREAS**, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will protect the public potable water supply serving the Town of Wayne from the possibility of contamination or pollution by isolating within its customer's internal distribution system, such contaminants or pollutants, which could backflow or back-siphon into the public water system; and,

**WHEREAS**, the City Council of the Town of Wayne has determined that the adoption of a Cross-Connection Control and Backflow Prevention Program will promote the control and elimination of existing cross-connections, actual or potential, between customer's potable and non-potable systems.

**NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF WAYNE, WEST VIRGINIA**, that this Ordinance be enacted as follows:

The City Council of the Town of Wayne has determined that it is the responsibility of the Wayne Water Board to establish policy and regulations to implement a Cross-Connection Control and Backflow prevention Program to prevent the public potable water supply from possible contamination by isolating, within its customer's internal distribution systems, such contaminants or pollutants, which could backflow or back siphon into the potable water supply system.

The Cross-Connection Control and Backflow Prevention Program shall be set forth in regulations entitled the "Cross-Connection and Backflow Prevention Program", a copy of which regulations shall be on file at the Municipal Building and the Water Plant location. The "Cross-Connection Control and Backflow Prevention Program" shall be implemented by the Water Maintenance Supervisor and the Water Plant Chief Operator, who shall be responsible for the protection of the public potable water distribution system from contamination or pollution due to the backflow or back siphon of contaminants or pollutants through the water service connection.

All users of municipal water shall be responsible for complying with the provisions of the "Cross-Connection and Backflow Prevention Program". Failure to comply with this Ordinance of the Town of Wayne and the "Cross-Connection Control and Backflow Prevention Program" shall result in a fine of not less than one hundred (\$100.00) nor more than two hundred fifty dollars (\$250.00) or imprisoned not more than thirty (30) days, or both. Each day that any person continues the violation of any of the rules and regulations made and promulgated by the Water Board shall constitute a separate offense.

Mr. Reed moved to accept the second reading of the ordinance, second by Mr. Grace, and the same passed unanimously. Mr. Reed moved to waive the third reading of the ordinance and that said ordinance become effective in 45 days, second by Mrs. Fry, and the same passed unanimously.

**County PSD Meeting**

Mayor Ramey reports that the County Commission has approved that the Town of Wayne waterlines that are outside the boundaries of the Town limits be transferred to the Lavalette, PSD, pending PSC approval.

**Asphalt Paving**

Mrs. Fry moved that Council accept paving bids on the street that runs through Queens Mobile Home Park through August 31, 2004, second by Mr. Reed, and the same passed unanimously.

**2004-2005 Budget Revision #1**

Mrs. Fry moved that Council accept the following budget revisions:

- Acct # 303 – Increase \$350.00
- Acct # 330 – Increase \$6900.00
- Acct # 304 – Decrease \$7250.00
- Acct # 299 – Increase \$3000.00
- Acct # 440 – Decrease \$3000.00

Second by Mr. Reed, and the same passed unanimously.

Mr. Grace moved that Council enter executive session to discuss personnel matters, second by Mr. Reed, and the same passed unanimously.

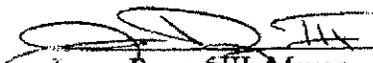
Council entered executive session at 6:20 pm.  
Council returned and was called to order by Mayor Ramey at 7:08 pm.

**Personnel**

No action taken.

As there was no further business pending before the Council, Mr. Reed moved to adjourn, second by Mrs. Fry, and the same passed unanimously.

Meeting adjourned at 7:10 pm.

  
James Ramey III, Mayor

  
Robert E. Scott, Recorder



**Affidavit of Legal  
Publication and Posting  
STATE OF WEST VIRGINIA  
COUNTY OF WAYNE, TO-WIT:**

I, Thomas J. George

publisher of the WAYNE COUNTY NEWS,  
newspaper published in the COUNTY OF  
WAYNE, STATE OF WEST VIRGINIA  
hereby certify that the annexed publication was  
inserted in said newspaper on the following date

July 15, 2004

July 27, 2004

commencing on the 15<sup>th</sup>

day of July 2004

Given under my hand this 30<sup>th</sup> day

of July 2004

Sworn to and subscribed before me this

30<sup>th</sup> day of July

2004, at Wayne, Wayne County, West

Virginia.

Ruth Adkins

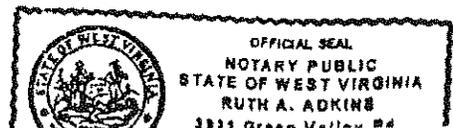
NOTARY PUBLIC

of, in and for WAYNE COUNTY, WEST  
VIRGINIA.

MY COMMISSION EXPIRES: Nov. 18, 2009

Amount Due for Publishing Annexed Notice:

\$ 257.79



A refundable security deposit not to exceed 1/6 of the average annual charge shall be required of commercial and industrial customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

#### MULTIPLY OCCUPANCY

On apartment buildings or other multiple occupancy buildings, and in trailer courts, each family or business unit will be metered separately and shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch (5/8") meter. Motels and hotels shall pay according to the size of meter installed.

#### RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the Town shall be the Town's charge to the customer for such returned check and under no circumstances shall the fee collected by the Town exceed \$20.00.

#### LEAK ADJUSTMENT INCREMENT

When a leak has occurred on the customer's side of a meter, the utility will adjust the bill of that customer only one time. This adjustment will be made by charging the customer an average monthly bill plus 25% of that actual leak. Wayne Water Services is willing to absorb 75% of the cost of that actual leak. In order that a customer receive this adjustment, the utility must be notified of the leak, and an employee of the utility must verify that the leak has been repaired. No other adjustments will be made unless the entire service line is replaced.

The leak must be a concealed leak. Leaking or running commodes, treatment systems, faucets, whether inside or outside, exposed piping, outdoor showers, hose bibs, water fountains, dishwashers, etc., SHALL NOT be considered concealed leaks.

#### SECTION 2. SEPARABILITY: REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

#### SECTION 3. EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after final enactment hereof, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

#### SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Town Recorder shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the Wayne County News, a qualified newspaper of general circulation in the Town of Wayne, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on July 26, 2004, at 6:00 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the Town Recorder, Wayne, West Virginia.

First Reading: July 12, 2004

Second Reading: July 26, 2004

7/15 2tc July 22

### TOWN OF WAYNE AN ORDINANCE SETTING FORTH WATER RATES, CONNECTION CHARGES, RECONNECTION CHARGES, DELAYED PAYMENT PENALTY AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER-WORKS SYSTEM OF THE TOWN OF WAYNE.

The Town Council of the Town of Wayne hereby ordains The following rules, rates and charges are hereby fixed, determined and established for water services provided to all general domestic commercial, and industrial users and customers of the Town of Wayne Municipal Waterworks System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

#### Section 1. Schedule of Rates, Charges and Penalties

##### APPLICABILITY

Applicable in entire area served.

##### AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial services

##### RATES AND CHARGES

First	2,000	gallons used per month	\$5.995 per 1,000 gallons
Next	3,000	gallons used per month	\$5.331 per 1,000 gallons
Next	10,000	gallons used per month	\$4.828 per 1,000 gallons
Next	25,000	gallons used per month	\$4.738 per 1,000 gallons
Over	40,000	gallons used per month	\$4.285 per 1,000 gallons

##### SURCHARGE

Effective with these new rates, the \$3.00 per month surcharge on every customer's bill has been removed.

##### MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to size of the meter installed, to-wit:

5/8 or 3/4	inch meter, or smaller	\$11.99 per month
1	inch meter	\$26.97 per month
1-1/2	inch meter	\$51.94 per month
2	inch meter	\$81.89 per month
3	inch meter	\$151.80 per month
4	inch meter	\$251.67 per month
6	inch meter or larger	\$501.34 per month

##### DELAYED PAYMENT PENALTY-RECONNECT- ADMINISTRATIVE FEES

The above tariff is net, on all accounts not paid in full within two (20) days of the date of bill, ten percent (10%) will be added to the amount shown. If any bill is not paid within sixty (60) days from the date of the bill, water service to the customer will be disconnected and will not be restored until all past due bills have been paid in full together with all penalty charges and a reconnection fee, subject to applicable rules of the Public Service Commission of West Virginia.

Whenever water service has been disconnected, a disconnect fee of \$25.00 shall be charged; or in the event the delinquent water bill is collected by the Town in the field, an administrative fee of \$25.00 shall be charged.

A \$20.00 reconnection fee will be assessed for each occurrence when water service to a customer is restored after water service has been terminated for non-payment of water bills.

##### CONNECTION CHARGE

There shall be a charge for each new connection to the system (prior to construction) of one hundred dollars (\$100.00) per meter (the fee). After the start of construction, there will be a charge of three hundred dollars (\$300.00) per meter for connection to the system.

##### DOMESTIC SECURITY DEPOSITS

A refundable security deposit not to exceed 1/12 of the average annual charge shall be required of domestic customers prior to being connected or reconnected. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.



TOWN OF WAYNE

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND ORDINANCE AND SUPPLEMENTAL RESOLUTION

The undersigned Recorder of the Town of Wayne (the "Town") hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Town:

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The Council of the Town met in special session, pursuant to notice duly posted, on the 11th day of June, 2007, in Wayne, West Virginia, at the hour of 6:00 p.m.

PRESENT: James Ramey, III, Mayor  
Robert E. Scott, Recorder  
Terry L. Ramey  
Lucille Prichard  
Martha Ann Fry

ABSENT: Millard A. Bradshaw, II

James Ramey, Mayor, presided, and Robert E. Scott, acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

The Mayor presented a proposed Bond Ordinance in writing entitled:

ORDINANCE AUTHORIZING COMPLETION OF THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$256,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING

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

and caused the same to be read and there was discussion and public hearing.

Thereupon, on motion duly made and seconded, it was unanimously ordered that the above-entitled Ordinance be finally enacted and put into effect immediately.

Thereupon the Mayor then 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 WATER REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF WAYNE; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.  
THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Whereupon, the Mayor presented a resolution authorizing the first draw from the proceeds of the Bonds. Following discussion of said resolution, and motion and seconded, it was unanimously ordered that the said Resolution be adopted and put in full force and effect on and from the date hereof.

\*\*\*                    \*\*\*                    \*\*\*

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

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Town of Wayne 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 14th day of June, 2007.

A handwritten signature in black ink, appearing to read "Rob BSA", written over a horizontal line.

Recorder

946610.00002

CH846862.1

**TOWN OF WAYNE  
REGULAR COUNCIL MEETING  
MAY 14, 2007**

Present:	Mayor	James Ramey III
	Recorder	Robert E. Scott
	Council	Millard A. Bradshaw II
		Lucille Prichard
		Martha Ann Fry
		Terry Ramey

Meeting called to order at 6:28 PM by Mayor Ramey.

Mrs. Prichard moved to accept the regular meeting minutes of April 9, 2007 and the special meeting minutes of April 17, 2007, second by Mr. Bradshaw, and the same passed unanimously.

**Spring Clean Up**

Mrs. Prichard moved to authorize a Spring Clean-Up day be held for Town residents on Saturday, June 16, 2007 and that a dumpster from BFI be rented to assist in the collections, second by Mr. Ramey, and the same passed unanimously.

**Town of Wayne Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) Bond Ordinance-First Reading**

Mrs. Fry moved that the ordinance be read by title only, second by Mrs. Prichard, and the same passed unanimously.

Recorder Robert E. Scott read the following ordinance:

“Ordinance authorizing completion of the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks facilities of the Town of Wayne and the financing of the cost thereof, not otherwise provided, through the issuance by the Town of not more than \$256,000.00 in original aggregate principle amount of Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), providing for the rights and remedies of and security for the registered owners of such bonds; authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming a loan agreement relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto.”

Mr. Ramey moved to accept the first reading of the ordinance, second by Mrs. Prichard, and the same passed unanimously.

Mayor Ramey reports that he is calling a special meeting for May 21, 2007, beginning at 6:00 PM for the purpose of having a second reading of the Bond Ordinance and to approve Budget revisions for FY 2006-2007.

### **New Police Vehicle**

Police Chief Gary Porter presented Council with a request for a new police vehicle due to the condition of the current vehicles. Chief Porter reports that the county purchases 2007 Ford Crown Victoria's for \$24,900.00 each and that they are equipped with one spot light and all other necessary equipment must be purchased and added to the vehicles. He reports that Texoma Ford of Denison, Texas offers a 2007 Ford Crown Victoria, fully equipped except for a two-way radio and local markings for \$23,977.00 and a shipping and delivery fee of \$395.00.

Mrs. Fry moved to pay for the vehicle with four annual payments of \$6677.00, second by Mr. Ramey, and the same passed unanimously.

### **Proposed Skate Park**

Mrs. Fry is requesting that Council consider taking more action on the proposed skate park.

### **Town Park**

Mrs. Prichard moved to authorize the Mayor to approach the County Commission for a long-term lease for the former pool area for Town park expansion, second by Mr. Ramey, and the same passed unanimously.

Mrs. Fry indicated that vandalism remains a problem at the park and that several issues need to be discussed concerning the park.

### **Region II-Budget Amendment #6**

Kathy Elliott of Region II presented Council with Budget Amendment #6 of the Small Cities Block Grant to move \$1631.59 from the Land Acquisition Account to the Administrative Account. Mrs. Fry moved to accept Budget Amendment #6, second by Mr. Ramey, and the same passed unanimously.

### **Municipal Election Expense**

Mrs. Fry moved to authorize payment of \$7.00 per hour for two poll workers for Saturday, June 2, 2007 and Saturday, June 9, 2007, second by Mr. Bradshaw, and the same passed unanimously.

### **Public Comment**

Tony Pack-reports that cars are going the wrong way on Hendricks Street and that he has a drainage problem at his residence on Hall Street. The Town Supervisor will investigate.

Bennie Artis-reports that a portion of Wayne Street needs to be repaired.

Mrs. Fry moved that Council enter executive session to discuss personnel matters, second by Mrs. Prichard, and the same passed unanimously.

Council entered executive session at 6:55 PM.

Council returned from executive session at 7:10 PM and was called to order by Mayor Ramey.

**Personnel**

No action taken.

As there was no further business pending before the Council, Mrs. Fry moved to adjourn, second by Mrs. Prichard.

Meeting adjourned at 7:12 PM.

\_\_\_\_\_  
James Ramey III, Mayor

\_\_\_\_\_  
Robert E. Scott, Recorder

**TOWN OF WAYNE  
SPECIAL COUNCIL MEETING  
MAY 21, 2007**

Present:	Recorder	Robert E. Scott
	Council	Millard A. Bradshaw II
		Rosie Whipkey
		Lucille Prichard
		Martha Ann Fry
		Terry Ramey

Meeting called to order at 6:00 PM by Recorder Scott.

**Town of Wayne Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) Bond Ordinance- Second Reading**

Mrs. Whipkey moved that the ordinance be read by title only, second by Mrs. Prichard, and the same passed unanimously.

Recorder Robert E. Scott read the following ordinance:

“Ordinance authorizing completion of the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks facilities of the Town of Wayne and the financing of the cost thereof, not otherwise provided, through the issuance by the Town of not more than \$256,000.00 in original aggregate principle amount of Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), providing for the rights and remedies of and security for the registered owners of such bonds; authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming a loan agreement relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto.”

Mrs. Prichard moved to accept the second reading of the ordinance, second by Mr. Ramey, and the same passed unanimously.

**Budget Revision Number 1 for fiscal year 2006-2007**

Mrs. Prichard moved to approve Budget Revision #1 for fiscal year 2006-2007 (copy attached to minutes) in the amount of \$34,000.00, second by Mrs. Whipkey, and the same passed unanimously.

As there was no further business pending before the Council, Mr. Ramey moved to adjourn, second by Mrs. Fry.

Meeting adjourned at 6:06 PM.

---

Robert E. Scott, Recorder



**NOTICE OF PUBLIC HEARING ON TOWN OF WAYNE BOND ORDINANCE**

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the Town of Wayne (the "Town") to be held on Monday, June 11, 2007, at 6:00 pm at the Town Hall, 1900 Norfolk Avenue, Wayne, West Virginia, and at such hearing any person interested may appear before the Town and present protests and objections shall be heard by the Town and it shall then take such actions as it shall deem proper upon an Ordinance entitled.

Ordinance authorizing completion of

the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks facilities of the Town of Wayne and the financing of the cost thereof, nor otherwise provided, through the issuance by the town of \$258,000 in original aggregate principal amount of water revenue bonds, series 2007 (West Virginia Infrastructure fund), providing for the rights and remedies of and interest of the registered owners of such bonds; authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming a loan agreement relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide permanent financing of completion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing municipal water system of the Town of Wayne and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance

Council of the Town of Wayne on May 21, 2007. 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.

Dated: May 18, 2007  
/s/ James R. Bamey, III  
Mayor  
5/28 2tc 5/30

**Affidavit of Legal Publication and Posting STATE OF WEST VIRGINIA COUNTY OF WAYNE, TO-WIT:**

I, Thomas J. George  
publisher of the WAYNE COUNTY NEWS, a newspaper published in the COUNTY OF WAYNE, STATE OF WEST VIRGINIA, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

May 23, 07  
May 30, 07

commencing on the 23rd

day of May 20 07

Given under my hand this 12th day

of June 20 07

Thomas J. George

Sworn to and subscribed before me this 12th day of June

20 07, at Wayne, Wayne County, West

Virginia.

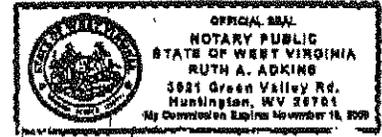
[Signature]  
NOTARY PUBLIC

of, in and for WAYNE COUNTY, WEST VIRGINIA.

MY COMMISSION EXPIRES: Nov. 18, 2009

Amount Due for Publishing Annexed Notice:

\$ 27.50





WV MUNICIPAL BOND COMMISSION  
#8 Capitol Street  
Terminal Building, Suite 500  
Charleston, WV 25301  
(304) 558-3971

Date of Report: June 14 2007

(See Reverse for Instructions)

ISSUE: Town of Wayne Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 186, Wayne, WV 25570 COUNTY: Wayne

PURPOSE OF ISSUE: New Money: X  
Refunding: \_\_\_\_\_ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: June 14, 2007 CLOSING DATE: June 14, 2007

ISSUE AMOUNT: \$256,000 RATE: 1%

1ST DEBT SERVICE DUE: March 1, 2036 1ST PRINCIPAL DUE: March 1, 2036

1ST DEBT SERVICE AMOUNT: \$ 13,139 PAYING AGENT: Municipal Bond Commission

BOND  
COUNSEL: Steptoe & Johnson PLLC  
Contact Person: John Stump, Esquire  
Phone: (304) 353-8196

UNDERWRITERS  
COUNSEL: Jackson Kelly PLLC  
Contact Person: Samme Gee, Esquire  
Phone: (304) 340-1318

CLOSING BANK: City National Bank  
Contact Person: Debbie Sanders  
Phone: 304.272.9955

ESCROW TRUSTEE: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: \_\_\_\_\_

KNOWLEDGEABLE ISSUER CONTACT  
Contact Person: James Ramey  
Position: Mayor  
Phone: (304) 272.3221

OTHER: WV Infrastructure Jobs Development Council  
Contact Person: Jefferson Brady, P.E.  
Function: Executive Director  
Phone: (304) 558-4607

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. Fund: \$ \_\_\_\_\_  
To Other: \$ \_\_\_\_\_

NOTES: The Series 2004 B Bonds Reserve will be automatically transferred by the Commission to the Series 2007 A Bonds Reserve upon maturity of the Series 2004 B Bonds.

FOR MUNICIPAL BOND COMMISSION USE ONLY:  
DOCUMENTS REQUIRED: \_\_\_\_\_  
TRANSFERS REQUIRED: \_\_\_\_\_



TOWN OF WAYNE

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

CITY NATIONAL BANK, Wayne, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Wayne (the "Issuer") enacted by the Issuer on June 11, 2007, and a Supplemental Resolution adopted by the Issuer on June 11, 2007 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated June 14, 2007, in the aggregate principal amount of \$256,000 (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 14th day of June, 2007.

CITY NATIONAL BANK

By: Sandra K. Mills  
Its: Authorized Officer

01.26.07  
946610.00002



TOWN OF WAYNE

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Wayne Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated June 14, 2007, in the aggregate principal amount of \$256,000, (the "Series 2007 A Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2007 A Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2007 A Bonds.

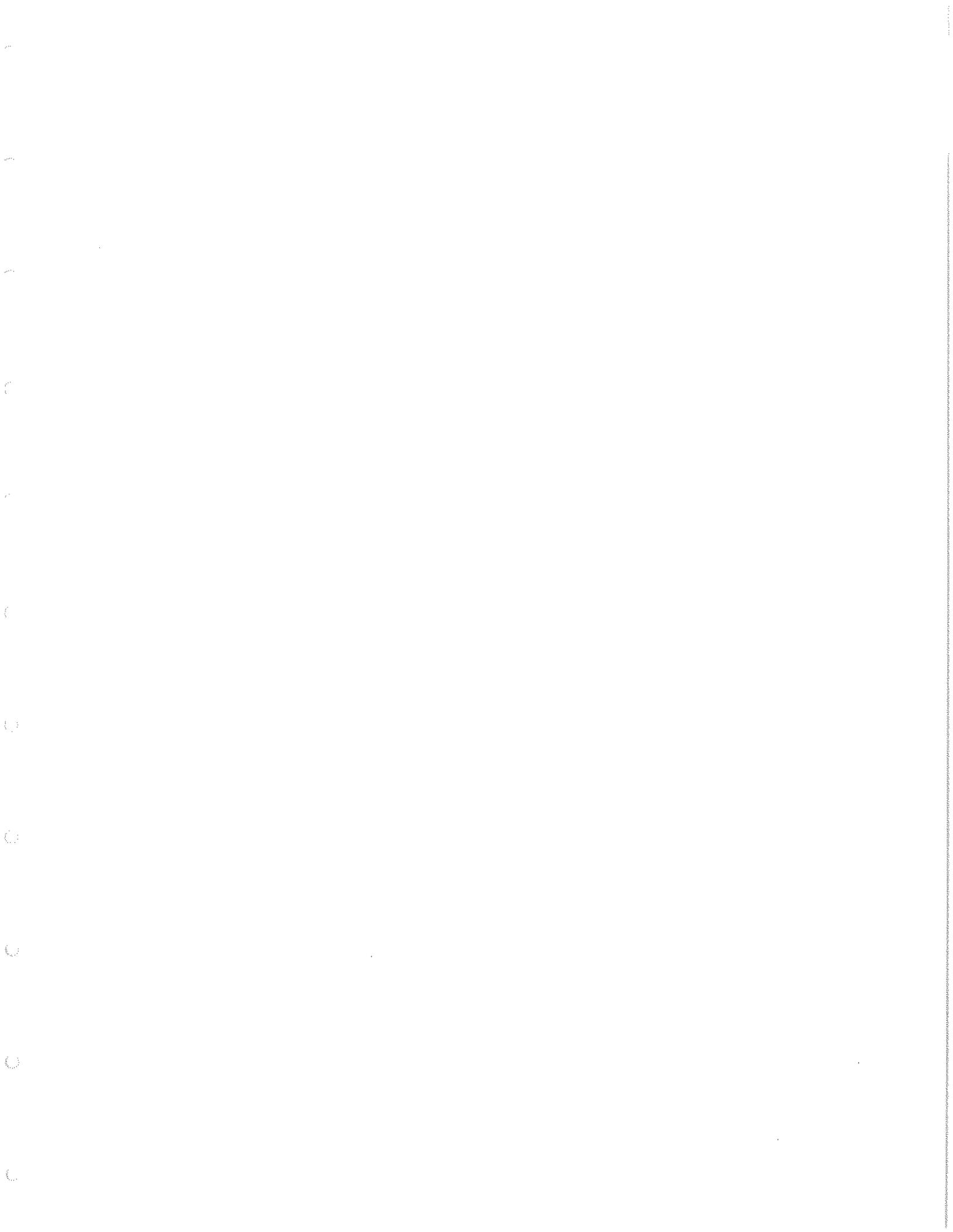
WITNESS my signature on this 14th day of June, 2007.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

09.13.06  
946610.00002

CH846866.2



TOWN OF WAYNE

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

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 Wayne (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, dated June 14, 2007, in the principal amount of \$256,000, numbered AR-1, registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 14th day of June, 2007.

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

04.30.07  
946610.00002



TOWN OF WAYNE

Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 14th day of June, 2007, by and between the TOWN OF WAYNE, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$256,000 principal amount of Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated the date hereof, in fully registered form (the "Series 2007 A Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted June 11, 2007, and a Supplemental Resolution of the Issuer duly adopted June 11, 2007 (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 2007 A 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 2007 A Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2007 A 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 on the Series 2007 A 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 Wayne  
P.O. Box 186  
Wayne, West Virginia 25570  
Attention: Mayor

REGISTRAR: The Huntington National Bank  
One Huntington Square  
Charleston, West Virginia 25301  
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Series 2007 A Bonds in accordance with the Bond Legislation.

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 WAYNE

By:   
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By:   
Its: Authorized Officer

01.26.07  
946610.00002

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 TRUSTEE'S FEES  
Invoice Date June 14, 2007

**Town of Wayne**  
**Account Number 6089001809**

Town of Wayne  
Water Revenue Bonds, Series 2007 A  
C/o John C. Stump  
Steptoe & Johnson, PLLC  
P.O. Box 1588  
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR June, 2007

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 .....\*

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT  
Barry Morgan Griffith at (304)348-5035



# State of West Virginia

## OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418

CHARLESTON, WEST VIRGINIA 25301-2616  
TELEPHONE 304-558-2981

PROJECT: (Water) **PERMIT**  
New Water Treatment Plant PERMIT NO.: 15,826  
and Water Distribution System Upgrades

LOCATION: Wayne COUNTY: Wayne DATE: 10-27-2003

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

Town of Wayne Water Board -  
Post Office Box 25  
Wayne, West Virginia 25570

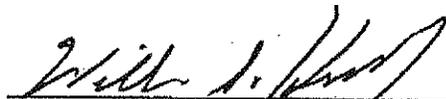
is hereby granted approval to: amend and modify Permit No. 14,549, issued July 11, 2000 and Permit No. 15,157, issued February 21, 2002, for the new water treatment plant for the Town of Wayne. The permit will be extended to October 27, 2005.

- Note #1: This permit is contingent upon all unchanged conditions and requirements of Permit Nos. 14,549 and 15,157 remaining in effect.
- Note #2: The proposed Long Term 2 Enhanced Surface Water Treatment Rule to the federal *Safe Drinking Water Act* may require additional treatment techniques, such as ultra-violet or ozone disinfection, to meet the final *Cryptosporidium* reduction requirements. The Bureau For Public Health strongly recommends provisions be made for future additional treatment techniques, such as ultra-violet or ozone disinfection

The Environmental Engineering Division of the St. Albans District Office (304-722-0611) is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

  
William S. Herold, Jr., P.E. Assistant Manager  
Infrastructure and Capacity Development  
Environmental Engineering Division

WSH:sec

pc: Woolpert, LLP  
James W. Ellars, P.E., PSC-Engineering Division  
Amy Swann, PSC  
Katy Mallory, WVJDC  
Wayne County Health Department  
OEHS-EED St. Albans District Office



TOWN OF WAYNE

WATER REVENUE BONDS,  
SERIES 2004 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE),  
AND SERIES 2004 B  
(WEST VIRGINIA DWTRF PROGRAM)

BOND ORDINANCE

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TOWN OF WAYNE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 and Chapter 16, Article 13C 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 Wayne (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Wayne County of said State.

B.    The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extension, additions, betterments and improvements to the existing public waterworks system of the Issuer, consisting of new water storage tanks, upgrading and expanding the Issuer's water treatment plant and replacing portions of the existing water distribution lines of the Issuer, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further extensions, 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 Drinking Water Treatment Revolving Fund pursuant to the Act, and to the United States Department of Agriculture.

D.    The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein.

E.    It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than \$5,500,000 in two series, being the Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), in the aggregate principal amount of not more than \$3,000,000 (the "Series 2004 A Bonds"), and the Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), in the aggregate principal amount of not more than \$2,500,000 (the "Series 2004 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project (collectively, the "Series 2004 Bonds"). The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2004 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in any Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the

feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the United States Department of Agriculture or the Authority, including the Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2004 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2004 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 2004 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined) and its Series 2004 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), in form satisfactory to the Issuer, the Authority and the BPH, approved hereby if not previously approved by ordinance of the Issuer.

H. There are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Series 2004 A Bonds and the Series 2004 B Bonds shall be issued on a parity with each other, with respect to liens, pledge and source of and security for payment.

I. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and the issuance of the Series 2004 Bonds, or will have so complied prior to issuance of any thereof, including the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2004 Bonds or such final order will not be subject to appeal.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council (the "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 2004 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 19 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement for the Series 2004 B Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2004 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2004 A Bonds, the Series 2004 B Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any successor thereto.

"Closing Date" means the date upon which there is an exchange of the Series 2004 A Bonds for all or a portion of the proceeds of the Series 2004 A Bonds from the Purchaser and the Series 2004 B Bonds for all or a portion of the proceeds of the Series 2004 B Bonds from the Authority and the BPH.

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

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

"Consulting Engineers" means Woolpert LLP, Ashland, Kentucky, 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 1.02E hereof to be a part of the cost of acquisition and construction of the Project.

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

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

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

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

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

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

"Grant" means, collectively, all grant monies received by the Issuer for the Project.

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

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated February 16, 2000, and Amendment No. 1 to Letter of Conditions dated April 8, 2003, and all other amendments thereto, providing for the purchase of the Series 2004 A Bonds from the Issuer by the Purchaser.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2004 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in any 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 2004 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar, at or prior to said date; (ii) any Bond 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; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2004 B Bonds by the Issuer in the Supplemental Resolution.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

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

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2004 A Bonds.

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association;

Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2004 Bonds.

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

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Series 2004 Bonds" means, collectively, the Series 2004 A Bonds and the Series 2004 B Bonds.

"Series 2004 A Bonds" means the Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), of the Issuer, authorized by this Ordinance.

"Series 2004 A Bonds Construction Trust Fund" means the Series 2004 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2004 A Bonds Reserve Account" means the Series 2004 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2004 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 2004 A Bonds in the then current or any succeeding year.

"Series 2004 B Bonds" means the Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program) of the Issuer, authorized by this Ordinance.

"Series 2004 B Bonds Construction Trust Fund" means the Series 2004 B Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2004 B Bonds Reserve Account" means the Series 2004 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2004 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 2004 B Bonds in the then current or any succeeding year.

"Series 2004 B Bonds Sinking Fund" means the Series 2004 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2004 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2004 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, including, without limitation, the Reserve Accounts, the Series 2004 B Bonds Sinking Fund and the Renewal and Replacement Fund.

"System" means the existing waterworks system of the Issuer, as expanded and improved by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system after the completion of the Project.

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

"West Virginia DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund program established by the State, administered by the BPH and

funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

## ARTICLE II

### AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$7,006,500, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Purchaser, the Authority and the BPH.

The cost of the Project is estimated not to exceed \$7,006,500, of which approximately \$3,000,000 will be obtained from proceeds of the Series 2004 A Bonds, approximately \$2,500,000 will be obtained from proceeds of the Series 2004 B Bonds, approximately \$256,500 will be obtained from proceeds of grants from the Purchaser, and approximately \$1,250,000 will be obtained from proceeds of a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

### ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2004 Bonds, funding reserve accounts for the Series 2004 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2004 A Bonds and Series 2004 B Bonds of the Issuer. The Series 2004 A Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 2004 A (United States Department of Agriculture)", in the principal amount of not more than \$3,000,000; and the Series 2004 B Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 2004 B (West Virginia DWTRF Program)," in the principal amount of not more than \$2,500,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2004 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2004 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 2004 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2004 A Bond.

B. The Series 2004 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2004 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2004 B Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2004 A Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser, with a record of advances attached representing the aggregate principal amount of the Series 2004 A Bonds. The Series 2004 B Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2004 B Bonds, all as provided in the Supplemental Resolution. The Series 2004 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2004 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 2004 Bonds shall cease to be such officer of the Issuer before the Series 2004 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 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. A. The Issuer shall be the Bond Registrar with respect to the Series 2004 A Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2004 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2004 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2004 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2004 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and

beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust, and/or such other identifying number and information as may be required by law. The Series 2004 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2004 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

B. The Bond Registrar with respect to the Series 2004 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2004 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2004 B Bonds shall be conclusive evidence that such Series 2004 B Bonds have been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2004 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2004 B Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the Series 2004 A Bonds, notwithstanding anything herein to the contrary.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2004 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 2004 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 2004 Bonds remain outstanding, the Bond Registrar for the Series 2004 Bonds shall keep and maintain books for the registration and transfer of such Bonds.

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

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

Section 3.06.      Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2004 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2004 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 Bonds or the interest, if any, thereon.

Section 3.08.      Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all Series 2004 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2004 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09.      Delivery of Bonds. A. With respect to the Series 2004 A Bonds, the Mayor is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be delivered to the Purchaser on the date of delivery of the Series 2004 A Bonds.

B. The Issuer shall execute and deliver the Series 2004 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2004 B Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2004 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004 B Bonds to the original purchasers;

(3) An executed and certified copy of the Bond Legislation;

(4) An executed copy of the Loan Agreement; and

(5) The unqualified approving opinion of bond counsel on the Series 2004 B Bonds.

Section 3.10.      Form of Bonds. The text of the Series 2004 A Bonds and the Series 2004 B Bonds shall be in substantially the following respective 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 2004 A BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF WAYNE  
WATER REVENUE BOND, SERIES 2004 A  
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$ \_\_\_\_\_

No. \_\_\_\_\_

Date: \_\_\_\_\_

FOR VALUE RECEIVED, the TOWN OF WAYNE (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_), plus interest on the unpaid principal balance at the rate of 4.5 % per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$5,938.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment

of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of additions, extensions and improvements to the waterworks system (the "System") of the Borrower, is payable solely from the gross revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Ordinance. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges,

if any, provided in the Ordinance and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 19 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on \_\_\_\_\_, 20\_\_\_\_, and a Supplemental Resolution of the Borrower duly adopted on \_\_\_\_\_, 20\_\_\_\_, authorizing issuance of this Bond (collectively, the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), DATED \_\_\_\_\_, 20\_\_\_\_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$\_\_\_\_\_.

RECORD OF ADVANCES

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

TOTAL \$

(Form of Assignment)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In presence of:

\_\_\_\_\_

(FORM OF SERIES 2004 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF WAYNE  
WATER REVENUE BOND, SERIES 2004 B  
(WEST VIRGINIA DWTRF PROGRAM)

No. \_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF WAYNE, a municipal corporation and political subdivision of the State of West Virginia in Wayne 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, \_\_\_\_\_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The 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, 200\_\_, 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 Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated \_\_\_\_\_, 20\_\_\_\_\_.

This Bond is issued (i) to pay a portion of the cost of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) to fund a reserve account for the

Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19, and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on \_\_\_\_\_, 20\_\_\_\_, and a Supplemental Resolution duly adopted by the Issuer on \_\_\_\_\_, 20\_\_\_\_ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED \_\_\_\_\_, 20\_\_\_\_, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_ (THE "SERIES 2004 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 2004 A Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2004 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2004 A Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding

year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2004 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF WAYNE has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated \_\_\_\_\_, 20\_\_\_\_\_.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 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: \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
as Registrar

\_\_\_\_\_  
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL \$ \_\_\_\_\_

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

In the presence of:

\_\_\_\_\_

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. A. The Series 2004 A Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

B. The Series 2004 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Purchaser, the Authority and the BPH a schedule, the forms of which will be provided by the Purchaser, the Authority and the BPH, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

## ARTICLE V

### FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

#### Section 5.01. Establishment of Funds and Accounts with Depository Bank.

The following special funds or accounts are hereby created with and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2004 A Bonds Construction Trust Fund; and
- (4) Series 2004 B Bonds Construction Trust Fund.

#### Section 5.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby created with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2004 A Bonds Reserve Account;
- (2) Series 2004 B Bonds Sinking Fund; and
- (3) Series 2004 B Bonds Reserve Account.

#### Section 5.03. System Revenues; Flow of Funds. A. The entire Gross

Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office the amount required to pay interest on the Series 2004 A Bonds.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2004 A Bonds, the amount required to amortize the principal of the Series 2004 A

Bonds over the life of the bond issue; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2004 B Bonds, for deposit in the Series 2004 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004 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 2004 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, (i) transfer from the Revenue Fund and remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon the issuance of the Series 2004 A Bonds, for deposit into the Series 2004 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 A Bonds Reserve Requirement, until the amount in the Series 2004 A Bonds Reserve Account equals the Series 2004 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 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 2004 A Bonds Reserve Requirement; and (ii) transfer from the Revenue Fund and remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2004 B Bonds, for deposit into the Series 2004 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 B Bonds Reserve Requirement, until the amount in the Series 2004 B Bonds Reserve Account equals the Series 2004 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 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 2004 B Bonds Reserve Requirement.

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

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, 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 the Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the Series 2004 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2004 A Bonds as the same shall come due, when other monies are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2004 A Bonds Reserve Account shall be sufficient to prepay the Series 2004 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2004 A Bonds together with accrued interest thereon to such prepayment date.

Monies in the Series 2004 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2004 B Bonds as the same shall become due. Monies in the Series 2004 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2004 B Bonds as the same shall come due, when other monies in the Series 2004 B Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2004 B Bonds Reserve Account shall be sufficient to prepay the Series 2004 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2004 B Bonds and accrued interest, if any, thereon to such prepayment date.

All investment earnings on monies in the Series 2004 A Bonds Reserve Account (if fully funded), the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bonds Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2004 A Bonds and the Series 2004 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2004 A Bonds Reserve Account or the Series 2004 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2004 A Bonds Reserve Requirement or the Series 2004 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking funds 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 accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Reserve Account or the Series 2004 B Bonds Sinking Fund, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2004 A Bonds and the Series 2004 B Bonds in accordance with the respective principal amounts then Outstanding.

The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser, the BPH and the Authority.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account created hereunder, and all amounts required for such funds 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 Purchaser, the Authority or the BPH at any time, the Issuer shall make the necessary arrangements whereby required payments into the 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 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2004 A Bonds and the Series 2004 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. 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) remit to the Purchaser and the Commission, as applicable, the required principal, interest and reserve account payments with respect to the Series 2004 Bonds and all such payments shall be remitted to the Purchaser and 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 Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

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

D. 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.

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 Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges, fees and expenses then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by either the Authority or the BPH at any time, 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 any fund or account shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

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

## ARTICLE VI

### BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2004 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2004 A Bonds, there shall be deposited with the Commission in the Series 2004 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2004 A Bonds Reserve Account.

B. From the proceeds of the Series 2004 B Bonds, there shall be deposited with the Commission in the Series 2004 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2004 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2004 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2004 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2004 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2004 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2004 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2004 B Bonds.

E. 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 2004 A Bonds shall be expended as directed by the Purchaser and any remaining proceeds of the Series 2004 B Bonds shall be expended as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. Monies in the Series 2004 A Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Series 2004 A Bonds Construction Trust Fund and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installment payments on the Series 2004 A Bonds if there are not sufficient Gross Revenues to make such monthly payment.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2004 A Bonds Construction Trust Fund shall be disposed of in accordance with the regulations of the Purchaser.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2004 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004 B Bonds Construction Trust Fund shall be made only after submission to the Authority and the BPH of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, monies in the respective Bond Construction Trust Funds 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 2004 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 2004 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 2004 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02.      Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 Bonds or the interest, if any, thereon.

Section 7.03.      Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all the Series 2004 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2004 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04.      Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted on July 26, 2004, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2004 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series

2004 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05.      Sale of the System. So long as the Series 2004 Bonds are outstanding and except as otherwise required by law or with the written consent of the Purchaser, the Authority and the BPH, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2004 A Bonds, immediately be remitted to the National Finance Office, and with respect to the Series 2004 B Bonds, immediately be remitted to the Commission for deposit in the Series 2004 B Bonds Sinking Fund, and, with the written consent of the Purchaser, the Authority and the BPH, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2004 Bonds. Any balance remaining after the payment of all the Series 2004 Bonds and interest, if any, thereon shall be remitted to the Issuer unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, in writing, 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 upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund 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 of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

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

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 Bonds, and must have the prior written consent of the Purchaser, the Authority and the BPH.

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

So long as the Series 2004 A Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

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

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Series 2004 A Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2004 A Bonds are no longer Outstanding, the following parity requirement shall be met:

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2004 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2004 Bonds.

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

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

The Issuer shall permit the Purchaser, the Authority and the BPH 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. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

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

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.
- (C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2004 Bonds and shall submit said report to the Purchaser, the Authority and the BPH, or any other original purchaser of the

Series 2004 Bonds. Such audit report submitted to the Purchaser, the Authority and the BPH shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Purchaser, the Authority and the BPH, 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 Purchaser, the Authority and the BPH, 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, the BPH and the Purchaser with respect to the System pursuant to the Act.

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Loan Agreement for the Series 2004 B Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2004 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2004 Bonds are funded at least at the

requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Purchaser, the Authority and the BPH 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 within 30 days of adoption to the Purchaser, the Authority and the BPH, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Purchaser, the BPH, the Authority and any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the BPH 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 Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Purchaser, the Authority and the BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Purchaser, the Authority and the BPH 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 Purchaser, the Authority and the BPH 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 Purchaser, the Authority, the BPH 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 DWTRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the BPH 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 Loan Agreement. The Issuer shall notify the BPH 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 to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

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

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

accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Purchaser, the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

(4) FLOOD INSURANCE, 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 member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(7) PROVIDED, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2004 Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer,

and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

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 Purchaser, the Authority and the BPH and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Connections. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the system to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps necessary to maintain and operate the System and make the necessary replacements due to normal wear and tear so long as the Series 2004 Bonds are outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the 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 for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement, the Act and this Bond Legislation. The Issuer

shall also comply with all applicable laws, rules and regulations issued by the Purchaser, the Authority and the BPH, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the BPH with copies of all documents submitted to the Purchaser and the Authority.

Section 7.19.      Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A.    PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2004 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2004 Bonds during the term thereof is, under the terms of the Series 2004 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2004 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2004 Bonds during the term thereof is, under the terms of the Series 2004 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2004 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2004 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B.    PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2004 Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C.    FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2004 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** To the extent legally required, the Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2004 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2004 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws 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. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2004 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 2004 Bonds.

Section 7.22. Contracts: Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2004 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 Purchaser and the BPH for written approval. The Issuer shall obtain the written approval of the Purchaser and the BPH before expending any proceeds of the Series 2004 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 Purchaser and the BPH before expending any proceeds of the Series 2004 Bonds made available due to bid or construction or project underruns.

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

## ARTICLE VIII

### INVESTMENT OF FUNDS; USE OF PROCEEDS

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, the Depository Bank, or such other bank or national banking association shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

Section 8.02.      Certificate as to Use of Proceeds; Covenants 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 2004 Bonds as a condition to issuance of the Series 2004 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 2004 Bonds as may be necessary in order to maintain the status of the Series 2004 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 2004 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 BPH, as the case may be, from which the proceeds of the Series 2004 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 BPH, 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 Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2004 Bonds and 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 2004 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2004 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2004 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2004 Bonds, it shall constitute an "Event of Default" with respect to the other series of the Series 2004 Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2004 A Bonds and the Series 2004 B Bonds shall be on a parity with each other.

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and

the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01.     Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2004 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 Gross Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2004 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 2004 Bonds from gross income for federal income tax purposes.

Except through direct payment to the Holder of the Series 2004 A Bonds, the Issuer may not defease the Series 2004 A Bonds or otherwise provide for payment thereof by escrow or like manner.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01.     Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2004 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2004 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 2004 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2004 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the 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, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2004 Bonds from gross income of the holders thereof.

Section 11.02.     Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2004 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03.     Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2004 Bonds.

Section 11.04.     Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05.     Notices. All notices to be sent to the Issuer, the Purchaser, the Authority or the BPH shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Town of Wayne  
P. O. Box 186  
Wayne, West Virginia 25570  
Attention: Mayor

PURCHASER:

United States Department of Agriculture  
Rural Utilities Service  
281 Ragland Road  
Beckley, West Virginia 25801

AUTHORITY:

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

BPH:

West Virginia Bureau for Public Health  
815 Quarrier Street, Suite 418  
Charleston, West Virginia 25301-2616  
Attention: Environmental Engineering

All notices to be sent to the BPH hereunder, shall also be sent to the Authority.

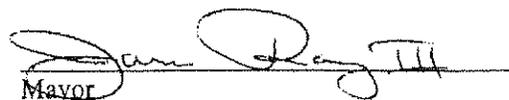
Section 11.06. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47).

Section 11.07. 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 the public hearing and final reading hereof.

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 Wayne County News, a newspaper published in the Town of Wayne, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: - July 12, 2004  
Passed on Second Reading: - July 26, 2004  
Passed on Final Reading  
Following Public  
Hearing: - August 16, 2004

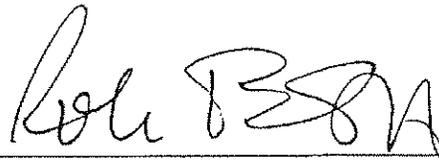
  
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF WAYNE on the 16th day of August, 2004.

Dated: October 21, 2004.

[SEAL]



Recorder

10/06/04  
946610.00001

TOWN OF WAYNE

Water Revenue Bonds,  
Series 2004 A (United States Department of Agriculture) and  
Series 2004 B (West Virginia DWTRF Program)

SUPPLEMENTAL AND AMENDATORY RESOLUTION

SUPPLEMENTAL RESOLUTION AMENDING THE BOND ORDINANCE; PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), OF THE TOWN OF WAYNE; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2004 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2004 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2004 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town Council (the "Governing Body") of the Town of Wayne (the "Issuer") has duly and officially enacted a bond ordinance, effective August 16, 2004 (the "Bond Ordinance" or the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF WAYNE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT

MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds, Series 2004 A (United States Department of Agriculture) and Series 2004 B (West Virginia DWTRF Program), of the Issuer (collectively, the "Bonds" and individually, the "Series 2004 A Bonds" and the "Series 2004 B Bonds"), in the respective aggregate principal amounts not to exceed \$3,000,000 and \$2,500,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2004 B Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), all in accordance with Chapter 8, Article 19 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2004 A Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments, and the Series 2004 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and 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, the sale prices and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bond Ordinance provides for two separate bond construction trust funds and pursuant to the Purchaser's request and with the consent of the Purchaser and the Authority, the Issuer wishes to amend the Bond Ordinance to provide for one construction trust fund;

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

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

A. Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of \$1,293,500. The Series 2004 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.50% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2004 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of \$5,938 on the corresponding day of each month, except that the final installment shall be paid at the end of forty years from the date of the Series 2004 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2004 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2004 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$1,925,000. The Series 2004 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2035, and shall bear no interest. The principal of the Series 2004 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2006, and maturing December 1, 2035, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2004 B Bonds. The Series 2004 B Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2004 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2004 B Bonds set forth in Schedule Y attached to the Loan Agreement.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance, except that the Issuer hereby amends the Bond Ordinance so that any reference to the Series 2004 A Bonds Construction Trust Fund or the Series 2004 B Bonds Construction Trust Fund shall be read as the "Series 2004 Bonds Construction Trust Fund."

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the BPH and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2004 A Bonds and the Series 2004 B 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, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2004 B Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 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 2004 B Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate City National Bank of West Virginia, Wayne, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. All proceeds of the Series 2004 A Bonds shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2004 A Bonds.

Section 8. Series 2004 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2004 B Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2004 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2004 B Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2004 B Bonds shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2004 A Bonds may be delivered on or about October 21, 2004, to the Purchaser pursuant to the Letter of Conditions, and the Series 2004 B Bonds may be delivered on or about October 21, 2004, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, 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 Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer hereby ratifies, approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 18th day of October, 2004.

TOWN OF WAYNE

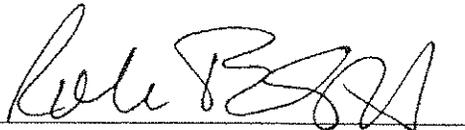
  
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Town of Wayne on this 18th day of October, 2004.

Dated: October 21, 2004.

[SEAL]

  
Recorder

10/12/04  
946610.00001

TOWN OF WAYNE

Water Revenue Bonds, Series 2004 A  
(United States Department of Agriculture) and  
Water Revenue Bonds, Series 2004 B  
(West Virginia DWTRF Program)

SECOND SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO  
RESERVE PAYMENT DATES OF THE WATER REVENUE  
BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT  
OF AGRICULTURE) OF THE TOWN OF WAYNE.

WHEREAS, the Council (the "Governing Body") of the Town of Wayne (the  
"Issuer") has duly and officially adopted a bond ordinance on August 16, 2004 (the  
"Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND  
CONSTRUCTION OF EXTENSIONS, ADDITIONS,  
BETTERMENTS AND IMPROVEMENTS TO THE EXISTING  
PUBLIC WATERWORKS SYSTEM OF THE TOWN OF  
WAYNE AND THE FINANCING OF THE COST, NOT  
OTHERWISE PROVIDED, THEREOF THROUGH THE  
ISSUANCE BY THE TOWN OF NOT MORE THAN  
\$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF  
WATER REVENUE BONDS, SERIES 2004 A (UNITED  
STATES DEPARTMENT OF AGRICULTURE) AND NOT  
MORE THAN \$2,500,000 IN AGGREGATE PRINCIPAL  
AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B  
(WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR  
THE RIGHTS AND REMEDIES OF AND SECURITY FOR  
THE REGISTERED OWNERS OF SUCH BONDS;  
AUTHORIZING EXECUTION AND DELIVERY OF ALL  
DOCUMENTS RELATING TO THE ISSUANCE OF SUCH  
BONDS; APPROVING, RATIFYING AND CONFIRMING A  
LOAN AGREEMENT RELATING TO SUCH BONDS;  
AUTHORIZING THE SALE AND PROVIDING FOR THE

TERMS AND PROVISIONS OF SUCH BONDS AND  
ADOPTING OTHER PROVISIONS RELATING THERETO

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

WHEREAS, the Ordinance provides for the issuance of Water Revenue Bonds, Series 2004 A (United States Department of Agriculture) and Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), of the Issuer (collectively, the "Bonds" and individually, the "Series 2004 A Bonds and the "Series 2004 B Bonds"), in the respective aggregate principal amounts not to exceed \$3,000,000 and \$2,500,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2004 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Ordinance it is provided that the form of the Loan 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 Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bond Resolution provides that it may be amended by supplemental resolution;

WHEREAS, the Issuer adopted a Supplemental Resolution on October 18, 2004, entitled:

SUPPLEMENTAL AND AMENDATORY 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 WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), OF THE TOWN OF WAYNE; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2004 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2004 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2004 B BONDS TO THE WEST

VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING  
A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND  
MAKING OTHER PROVISIONS AS TO THE BONDS.

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

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Second Supplemental Resolution is adopted.

Section 2. Article V Section 5.03 Paragraph 3 of the Ordinance is hereby amended in its entirety to read as follows:

(3) The Issuer shall next, on the first day of each month, (i) beginning on the date specified by the purchaser, but in any event not later than the 24<sup>th</sup> monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission, for deposit in the Series 2004 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2004 A Bonds Reserve Account equals the Series 2004 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 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 2004 A Bonds Reserve Requirement; and (ii) transfer from the Revenue Fund and remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2004 B Bonds, for deposit into the Series 2004 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 B Bonds Reserve Requirement, until the amount in the Series 2004 B Bonds Reserve Account equals the Series 2004 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 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 2004 B Bonds Reserve Requirement.

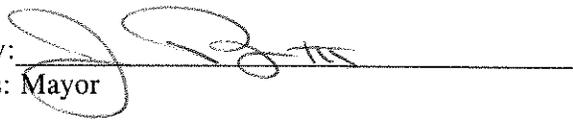
and as long as there shall remain on deposit therein, an amount equal to the Series 2004 B Bonds Reserve Requirement.

Section 3. This Second Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 11th day of June, 2007

TOWN OF WAYNE

By: \_\_\_\_\_  
Its: Mayor

A handwritten signature in black ink is written over a horizontal line. The signature is cursive and appears to be "J. J. [unclear]".

CERTIFICATION

Certified a true copy of a Second Supplemental Resolution duly adopted by the  
TOWN OF WAYNE on the 11th day of June, 2007

Dated: June 11, 2007

[SEAL]

A handwritten signature in black ink, appearing to read "Paul B. [unclear]", written over a horizontal line.

Recorder



# ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID ES  
WAYNE-1

DATE (MM/DD/YYYY)  
08/09/06

<b>PRODUCER</b> 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.	
	<b>INSURERS AFFORDING COVERAGE</b>	<b>NAIC #</b>
<b>INSURED</b>  Town Of Wayne P. O. Box 186 Wayne WV 25570	INSURER A: Redland Insurance Company	15610
	INSURER B: Axis Specialty Insurance Co.	
	INSURER C:	
	INSURER D:	
	INSURER E:	

## COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L 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 checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	APR 12-000109-06	08/01/06	08/01/07	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (EA OCCURRENCE) \$ 500,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMPROP AGG \$ 2,000,000 Emp Bar. 1,000,000
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	APR 11-000109-06	08/01/06	08/01/07	COMBINED SINGLE LIMIT (EA ACCIDENT) \$ 1,000,000  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  <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$10,000	APR 16-000109-06	08/01/06	08/01/07	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$ \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	APR 12-000109-06	08/01/06	08/01/07	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B	Property Section	APX-33-30223-01	08/01/06	08/01/07	Building 765,078 Contents 124,998

### DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder is named as additional insured as respects to Town of Wayne's Water Improvement Project. Employee Dishonesty coverage is \$152,000 with a \$1,520 deductible.

### CERTIFICATE HOLDER

### CANCELLATION

WV Water Development Authority Building 6 Room 553 1900 Kanawha Blvd E. Charleston WV 25305	WVRCHA2  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 
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**United States Department of Agriculture  
Rural Development  
West Virginia State Office**

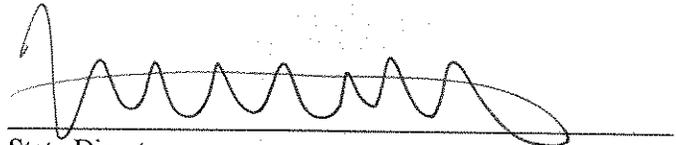
June 14, 2007

Town of Wayne  
Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (a) consents to the issuance of the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of \$256,000 (the "Bonds"), by the Town of Wayne (the "Issuer"), under the terms of the bond ordinance authorizing the issuance of the Bonds (the "Ordinance"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated October 21, 2004, issued in the original aggregate principal amount of \$1,293,500 (the "Prior Bonds"); and (b) waives any requirements imposed by the Prior Bonds or the Ordinance authorizing the Prior Bonds (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the Bonds or the Ordinance; and (c) consents to any amendments made to the Prior Ordinance by the Ordinance.

WITNESSETH my signature on this 14th day of June, 2007.



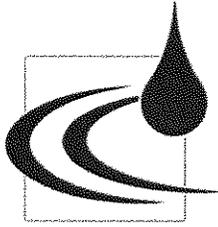
State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500  
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).





WEST VIRGINIA

**Water Development Authority**

*Celebrating 33 Years of Service 1974 - 2007*

June 14, 2007

TOWN OF WAYNE  
Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Carter & Company Accounting Corporation, CPA, the independent certified public accountants, and the opinion of Steptoe & Johnson PLLC, bond counsel, that the coverage and parity tests have been met (copies attached), the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of \$256,000, by the Town of Wayne (the "Issuer"), under the terms of the ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Water Revenue Bonds, Series 2004 B (West Virginia DWTRF Program) (the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

  
Authorized Representative



# CLOSING MEMORANDUM

**To:** Financing Team  
**From:** John C. Stump, Esquire  
**Date:** June 14, 2007  
**Re:** Town of Wayne, Water Revenue Bonds, Series 2007 A  
(West Virginia Infrastructure Fund)

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## DISBURSEMENTS TO THE TOWN OF WAYNE

Payor: West Virginia Infrastructure Fund  
Source: Series 2007 A Bonds Proceeds  
Amount: \$30,367  
Form: Wire Transfer  
Payee: Town of Wayne  
Bank: City National Bank  
Routing #: 051904524  
Account #: 7000021822  
Contact: Debbie Sanders, 304.272.9955  
Account: Series 2007 A Bonds Construction Trust Fund

06.11.07  
946610.00002

**RESOLUTION OF THE TOWN OF WAYNE APPROVING INVOICES RELATING TO THE CONSTRUCTION AND OTHER SERVICES FOR THE WATER SYSTEM IMPROVEMENTS PROJECT AND AUTHORIZING PAYMENT THEREOF,**

**WHEREAS**, the Town of Wayne has reviewed the invoices attached hereto and incorporated herein by reference relating to the construction of the Water System Improvements Project (the "Project") funded in part by the West Virginia Infrastructure and Jobs Development Council (IJDC), Drinking Water Revolving Fund (DWTRF), and Rural Utilities Services (RUS) and hereby finds as follows:

- a) That none of the items for which payment is proposed be made has formed the basis for any disbursement theretofore made.
- b) That each item for which 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 such cost has been otherwise properly incurred.
- d) That the payment for each of the items proposed is due and owing.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the Town of Wayne as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

**Name of Payee**

Vendor	TOTAL	IJDC	DWTRF	RUS
Step toe & Johnson	12,000.00	12,000.00		
Registrar	500.00	500.00		
Region II PDC	17,866.65	17,866.65		
<b>TOTAL</b>	<b>\$30,366.65</b>	<b>30,366.65</b>	<b>0.00</b>	<b>0.00</b>

**ADOPTED BY the Town of Wayne, at the meeting held on the 11th day of June 2007.**

TOWN OF WAYNE, WEST VIRGINIA

By: 

Its: Mayor



Form **8038-G**  
 (Rev. November 2000)  
 Department of the Treasury  
 Internal Revenue Service

**Information Return for Tax-Exempt Governmental Obligations**

Under Internal Revenue Code section 149(e)

See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

**Part I Reporting Authority** If Amended Return, check here

1 Issuer's name <b>Town of Wayne</b>	2 Issuer's employer identification number 55: <b>6001425</b>
3 Number and street (or P.O. box if mail is not delivered to street address) <b>Post Office Box 186</b>	Room/suite
5 City, town, or post office, state, and ZIP code <b>Wayne, West Virginia 25570</b>	4 Report number <b>3 2007-01</b>
7 Name of issue <b>Water Revenue Bonds, Series 2007</b>	6 Date of issue <b>June 14, 2007</b>
9 Name and title of officer or legal representative whom the IRS may call for more information <b>James Ramey, Mayor</b>	8 CUSIP number <b>n/a</b>
	10 Telephone number of officer or legal representative <b>( 304 ) 874-3950</b>

**Part II Type of Issue (check applicable box(es) and enter the issue price)** See instructions and attach schedule

11 <input type="checkbox"/> Education	11	
12 <input type="checkbox"/> Health and hospital	12	
13 <input type="checkbox"/> Transportation	13	
14 <input type="checkbox"/> Public safety	14	
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)	15	<b>256,000</b>
16 <input type="checkbox"/> Housing	16	
17 <input type="checkbox"/> Utilities	17	
18 <input type="checkbox"/> Other. Describe <input type="checkbox"/>	18	
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		



**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	<b>February 28, 2010</b>	<b>\$ 256,000</b>	<b>\$ 256,000</b>	<b>31.110</b> years	<b>1.000</b> %

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

22 Proceeds used for accrued interest	22	<b>-0-</b>
23 Issue price of entire issue (enter amount from line 21, column (b))	23	<b>256,000</b>
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	<b>12,500</b>
25 Proceeds used for credit enhancement	25	
26 Proceeds allocated to reasonably required reserve or replacement fund	26	
27 Proceeds used to currently refund prior issues	27	
28 Proceeds used to advance refund prior issues	28	
29 Total (add lines 24 through 28)	29	<b>12,500</b>
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	<b>243,500</b>

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

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	<b>n/a</b>	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	<b>n/a</b>	years
33 Enter the last date on which the refunded bonds will be called	<b>n/a</b>	
34 Enter the date(s) the refunded bonds were issued	<b>n/a</b>	

**Part VI Miscellaneous**

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	<b>-0-</b>
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	<b>-0-</b>
b Enter the final maturity date of the guaranteed investment contract		
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	<b>-0-</b>
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>		
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
40 If the issuer has identified a hedge, check box <input type="checkbox"/>		

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

**Sign Here**

Signature of issuer's authorized representative: *James Ramey, III* Date: *6/14/07*

Type or print name and title: **James Ramey, III, Mayor**

